Cabinet Office

Annual Report and Accounts

2012-13

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Annual Report and Accounts 2012-13

(For the year ended 31 March 2013)

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MANAGEMENT COMMENTARY - FINANCIAL REVIEW

CONSOLIDATED ACCOUNTS 2012-13

INTRODUCTION BY RICHARD HEATON CB PERMANENT SECRETARY FOR THE CABINET OFFICE

The Cabinet Office is an extraordinary department, unique in the breadth of the issues we cover and in the range of roles we perform, within government and externally. We are a corporate centre for government, a policy department, and a secretariat providing support and intelligence for the Prime Minister and Deputy Prime Minister. The department is about creating the conditions necessary for government to succeed by transforming how government does business, ensuring that the government's agenda is implemented, and helping departments achieve their objectives. Teams across the Cabinet Office are determined, skilful and deliver results for Ministers.

This annual report offers us an opportunity to demonstrate to both Parliament and the public what we achieved over the last financial year. There is plenty for the Cabinet Office to be proud of: reporting £10 billion of savings, tripling participation in National Citizen Service in size, creating real momentum on civil service reform, and much more.

The end of the financial year is a good time to reflect on achievements. But it is also a time to look forward to next year, and to plan our response to new challenges. I would like to thank all my colleagues for what we have done together, and for their continuing spirit and commitment.

Richard Heaton CB
Permanent Secretary for the Cabinet Office. First Parliamentary Counsel and Accounting Officer

FOREWORD BY RT. HON FRANCIS MAUDE MP, MINISTER FOR THE CABINET OFFICE

This year the Cabinet Office has continued to deliver a challenging set of priorities, including driving efficiency and reform across Whitehall, working to reform the Civil Service, building a bigger society and protecting our national security. The achievements in these areas are a testimony to the work of our civil servants, alongside their colleagues across Whitehall.

Deploying innovative and creative solutions to reduce public spending and tackle the deficit, at the same time as increasing and improving the service we provide to taxpayers, has been a clear and consistent objective of the Coalition Government.

Over the last year, the Cabinet Office has made great strides on this agenda. Our Efficiency and Reform Group reported savings across government of £10 billion for this year alone. This builds on savings of £3.75 billion in 2010-11 and £5.5 billion in 2011-12. Alongside these savings we have also tackled fraud, error and uncollected debt, which will stand us in good stead to reach our target of £20 billion of savings by the end of this Parliament.

Our procurement reforms account for £3.8 billion of savings last year alone. Centralising the procurement of common goods and services and renegotiating large government contracts has helped to make these savings possible. Meanwhile, getting out of unnecessary properties has not just saved the public purse millions but has also helped to stimulate growth. In addition we are supporting new commercial models and backing public sector mutuals to drive up productivity across the public sector and help to grow our economy.

The Cabinet Office is leading work to create a society in which people have more power and responsibility over their lives, the local community and the services they use. One key initiative has been the formation of the independent social investment wholesaler, Big Society Capital, making it easier for social entrepreneurs to access the capital they need and become sustainable. The Cabinet Office's work to stimulate the growth of Britain's social economy is ensuring that London is an international hub of social investment.

Our work has boosted volunteering, with the London 2012 Olympic and Paralympic Games playing a key role in encouraging volunteering and building social capital, especially in the most deprived areas. Since the Games, the 'Join In' initiative has provided more than 300,000 people across the UK with a unique opportunity to participate in local sport and the chance to volunteer in their community. And last year, 26,000 young people took part in National Citizen Service, gaining valuable work and life skills.

We are more than halfway through our ambitious programme to restructure public bodies. So far the number is down by around 230. At the same time, we have seen net administrative expenditure on public bodies fall by around £400 million in 2011-12. This keeps us on course to reduce administration costs by at least £2.6 billion by March 2015.

We are working to transform how the citizen interacts with government. Our Government Digital Service (GDS) has delivered world leading work in the open source GOV.UK platform, consolidating 24 separate websites into one integrated, easy-to-use portal. GDS is also pushing ahead with plans to digitise a first wave of 25 exemplar public services as part of our digital-by-default agenda.

Our commitment to drive transparency and open data across government remains undiluted. Globally we have used our presidency of the G8 and chairmanship of the Open Government Partnership to promote a transparency charter and reinforce our reputation further as a leading authority on transparency.

We have worked tirelessly to maintain and strengthen governance, promoting local economic growth and decentralisation in England and enhancing confidence in the electoral system. Over the last year, we have seen the Electoral Registration Transformation programme put in place several of the major building blocks for the transition to Individual Electoral Registration.

The Cabinet Office is also overseeing the Government’s programme of Civil Service Reform, working to implement the Plan published in June last year. With our high-level Capability Plan we will help to ensure that the Civil Service has the skills that Britain needs to win the global race. And after a decade of inaction, work to share services across government is finally picking up momentum.

2012-13 was an important year for the Cabinet Office. Our work helped to deliver the Government’s priorities: driving growth, tackling the deficit, building a fairer society and protecting our security. From the secretariats to cyber security, from civil contingencies through to honours and appointments, no department has a more interesting or diverse portfolio. We have achieved a great deal of which we can be proud. Yet there remains so much more to do to deliver our ambitious programme of reforms.

The Rt Hon. Francis Maude MP
Minister for the Cabinet Office and Paymaster General

REPORT FROM THE GOVERNMENT LEAD NON-EXECUTIVE DIRECTOR AND CABINET OFFICE LEAD NON-EXECUTIVE DIRECTOR

The Cabinet Office's achievements over the past year include: reported £10 billion of savings through efficiencies and reform across government; publishing the Civil Service Reform Plan; making data.gov.uk a key tool for the public to access government data; and moving all ministerial department websites onto a single platform, GOV.UK.

The Cabinet Office Board has also made good progress, with the recent Board effectiveness evaluation recording improvements in relation to risk management, management information and performance monitoring; and a marked improvement in the arrangements and support for the Board. Francis Maude continues to chair Board meetings effectively and my fellow Non-Executive Board members (NEBMs) continue to provide valuable challenge and support to ministers and officials. Despite changes in Board membership over the past year, Board members work well together. The Board has met six times during 2012-13 and has continued to champion the five main areas for improvement identified by NEBMs when enhanced departmental Boards were first established in 2010-11.

Strategic clarity

In the past year, work has been undertaken to more clearly define the scope and role of the Cabinet Office and elements of this will be published in the forthcoming Departmental Improvement Plan.

The Board is better able to focus on the right issues at the right time, now that the Board's agenda and forward programme are agreed by the Chair, the Permanent Secretary and myself in advance of each meeting. As a result, the Board has reviewed progress throughout the year on key programmes such as Civil Service Reform, the Efficiency and Reform agenda and the Department's contribution to the growth agenda. This approach has provided good opportunities for strategic input from NEBMs.

There is also greater alignment and clarity about the relationship between the Board and other Cabinet Office Boards and Committees. However, there remains a lack of clarity about the Board's strategic role and the scope for NEBMs to challenge and contribute; these will be areas for focus in the year ahead.

Commercial sense

Last year it was noted that while the Cabinet Office has a strong base of commercial skills within the Efficiency and Reform Group, there was more to do to develop a sustainable cadre of commercially aware people. Since then the Cabinet Office has developed a new 'commercial development stream' as part of its learning and development strategy. This enables key staff to become more commercially minded, more entrepreneurial, more focused on delivering effective outcomes and better at taking risks. In addition, the new performance management system and framework for the Civil Service Reform Plan now includes 'achieving commercial outcomes' as a key competence.

Last year, I identified major projects as one of the three priority areas that NEBMs would focus on during 2012-13 and recently published my review of the Major Projects Authority. The review set out recommendations for improving the execution and control of major projects based on my commercial experience and it was widely welcomed across government. I look forward to a swift implementation of the recommendations.

While the Board's risk management has improved over the past 12 months, the Board's risk appetite for the Cabinet Office and its arm's length bodies (ALBs) has yet to be clearly defined or comprehensively understood by all Board members.

Talented people

A Senior Pay and Talent Committee has been established, which includes the NEBM Ian Davis as a member. This provides the Cabinet Office Board with assurance that appropriate systems for identifying and developing leadership and the high potential of the most senior leaders are in place, and that orderly plans for succession to top posts exist.

The Board and the Audit and Risk Committee have been actively involved in encouraging the Department to assess its progress towards achieving its ambition to have a high-performing, engaged and well-led workforce.

Results focus

Last year it was noted that there needed to be an increased focus on the link between strategy and outcomes. Since then the Board has helped to improve the business planning process by defining and continuously monitoring progress towards agreed departmental outcomes. A series of 'deep dives', for example into the Electoral Registration Transformation Programme, has enabled the Board to satisfy itself that the Department has the necessary resources and capability in place and has identified potential risks associated with each programme. Measurement of the performance of ALBs remains to be improved.

Management information

The quality of management information presented to the Board has improved in the past year and now better enables the Board to advise on key issues. Key changes include the introduction of strategic (2015) goals with milestones to track their delivery; and the introduction of a new strategic-level dashboard that integrates and summarises a mass of detailed performance data.

I have conducted an evaluation of the Cabinet Office Board's effectiveness for the financial year 2012-13. A number of improvements have been made following the recommendations from the first evaluation (2011-12). These include: the Board having more frequent meetings and bi-annual away days; publishing a Board Operating Framework; and more effective secretariat support for the Board. However, significant progress has yet to be made on a few areas and the recent evaluation has identified a number of further actions. As a result, the following areas will be of particular focus for the year ahead: promoting greater, and more regular, NEBM engagement with the Cabinet Office; improving further the operation of the Board, especially in terms of the quality of Board papers; defining the Board's appetite for risk in relation to the department and its ALBs; and developing an induction programme for Board members.

I would like to thank my fellow NEBMs for their contribution over the past year, in particular Dame Barbara Stocking for chairing the Audit and Risk Committee while Rona Fairhead was on sabbatical from Cabinet Office Board business.

Lord Browne of Madingley,

Government Lead Non-Executive Director and Lead Non-Executive Director for the Cabinet Office

GOVERNANCE

Our Ministers

The Rt Hon. David Cameron MP
First Lord of the Treasury, Minister for the Civil Service, Prime Minister

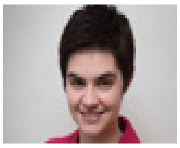
The Rt Hon. Nick Clegg MP
Deputy Prime Minister and Lord President of the Council

The Rt Hon. Francis Maude MP
Minister for the Cabinet Office and Paymaster General

The Rt Hon. Oliver Letwin MP
Minister for Government Policy

The Rt Hon. David Laws MP
Minister of State for the Cabinet Office*

Nick Hurd MP
Minister for Civil Society and Parliamentary Secretary



Chloe Smith MP
Minister for Political and Constitutional Reform and Parliamentary Secretary

John Hayes MP
Minister without Portfolio

The Rt Hon. Kenneth Clarke QC MP
Minister without Portfolio

The Rt Hon. Grant Shapps MP
Minister without Portfolio

The Rt Hon Lord Hill of Oareford CBE
Leader of the House of Lords and Chancellor of the Duchy of Lancaster

The Rt Hon Andrew Lansley CBE MP
Leader of the House of Commons and Lord Privy Seal

Note:

A comprehensive list of the ministers who sat within the Cabinet Office during the year can be found in the Governance Statement

Ministers' remuneration is disclosed within the Remuneration Report

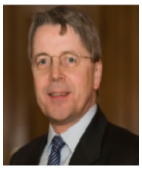
*The Rt Hon. David Laws MP is remunerated by the Department for Education

Cabinet Secretary and Permanent Secretary

Sir Bob Kerslake, the Head of the Civil Service, provides leadership to the Civil Service alongside his existing departmental responsibilities as Permanent Secretary for the Department for Communities and Local Government.

Jeremy Heywood is the Cabinet Secretary; Richard Heaton has been Permanent Secretary since August 2012.

Richard Heaton CB
Permanent Secretary for the Cabinet Office. First Parliamentary Counsel and Accounting Officer
From 6 August 2012



Sir Jeremy Heywood KCB, CVO
Cabinet Secretary

Our management team – the Executive Management Committee

Chair
Richard Heaton CB
Permanent Secretary for the Cabinet Office. First Parliamentary Counsel and Accounting Officer

Chris Martin
Principal Private Secretary to the Prime Minister

Gareth Davies
Director General of the Office for Civil Society

Sue Gray
Director General Propriety and Ethics and
Head of Private Office Group

Melanie Steel
Director of Human Resources

Philip Rycroft
Director General of the Deputy Prime Minister's Office

Stephen Kelly
Chief Operating Officer,
UK Government

Melanie Dawes CB
Director General of the Economic and Domestic Affairs Secretariat

Ivan Rogers
Prime Minister's Adviser on Europe and Global Issues and Head of the European Secretariat

Will Cavendish
Director General of the Implementation Group

Katherine Kerswell
Director General for Civil Service Reform

Alex Aiken
Executive Director of Government Communications

Bruce Mann
Finance Director (Secretary to the Executive Management Committee)

Julian Miller
Deputy National Security Adviser

Ciaran Martin
Director, Constitution Group

Bill Crothers
Chief Procurement Officer

Gavin Lambert
Director, Strategy and Programmes

Note:

Payment to senior managers serving during 2012-13 can be found in the Remuneration Report (senior managers include Board members and Permanent Secretaries who are not Board members)

Our Non-Executive Directors

Lord Browne of Madingley

Government Lead Non-Executive Director and Lead Non-Executive Director for the Cabinet Office

Lord Browne of Madingley, FRS, FREng holds degrees from Cambridge University and Stanford University, and numerous honorary degrees and fellowships.

He joined BP in 1966, became a member of the board in 1992 and was Group Chief Executive from 1995 until 2007. He has served on the boards of Intel, DaimlerChrysler AG, Goldman Sachs and SmithKline Beecham.

He is presently a Partner of Riverstone Holdings LLC, the Chairman of the Trustees of both the Tate and the Queen Elizabeth Prize for Engineering and Chairman of the International Advisory Board of the Blavatnik School of Government at Oxford University. He is a member of a variety of other advisory boards.

Ian Davis

Non-Executive Board Member and Member of the Audit and Risk Committee

Ian Davis became Chairman of Rolls-Royce plc on 2 May 2013, having been a Non-Executive Director. He is also an independent Non-Executive Director of BP plc, Johnson & Johnson Inc. and Majid Al Futtaim Holding. In the social sector he is a Non-Executive Director of Teach for All and the Big Society Trust.

He is also an advisor to Apax LLP and is Senior Partner Emeritus of McKinsey & Company. He was a partner at McKinsey for 31 years until 2010 and served as Chairman and Managing Director between 2003 and 2009.

Rona Fairhead CBE

Non-Executive Board Member and Member of the Audit and Risk Committee

On sabbatical from 1 July 2012 to 31 January 2013

Rona is a Non-Executive Director of HSBC Holdings plc where she chairs the HSBC Group Risk and Financial Systems Vulnerabilities Committees. She is also a Non-Executive Director of The Economist Group.

Rona was Chairman of the Financial Times Group from June 2006 until April 2013. She sat on the Pearson Board and was also a member of the Pearson Management Committee.

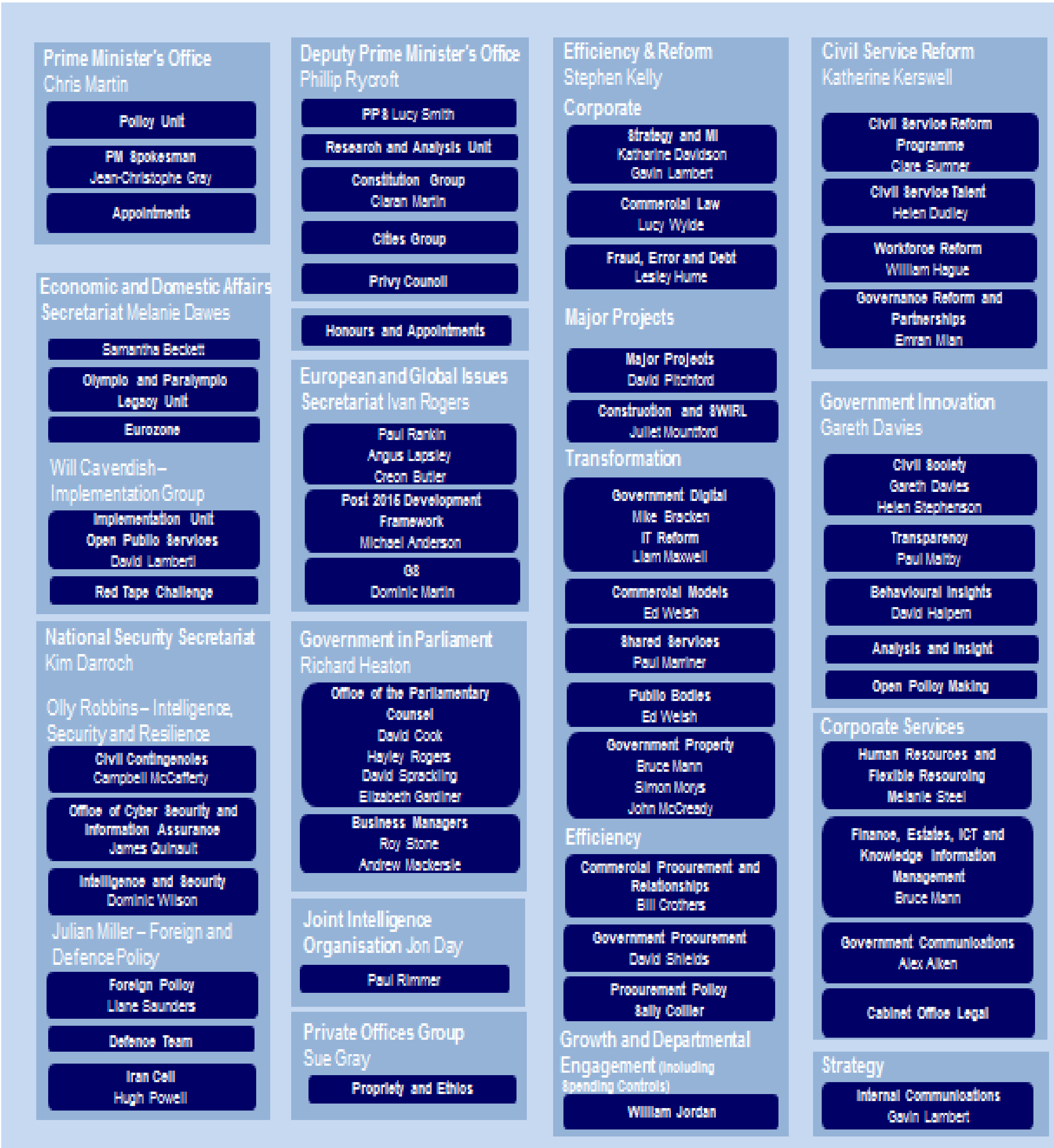
Dame Barbara Stocking DBE

Non-Executive Board Member and Member of the Audit and Risk Committee

Acting Chair from 1 July 2012 to 31 March 2013

In July 2013, Dame Barbara Stocking will become President of Murray Edwards College, Cambridge. For the previous 12 years, Dame Barbara was Chief Executive of Oxfam GB, a major international non-governmental organisation whose mission is 'to work with others to overcome poverty and suffering'. In her earlier career Dame Barbara was a member of the top management team of the NHS, as Regional Director for the South East of England and then as the founding Director of the NHS Modernisation Agency. Dame Barbara was awarded a CBE for services to health in 2000 and in 2008 was made a DBE for humanitarian services.

Cabinet Office structure



Note:

MI stands for Management Information, Swirl - Best Management Practice joint venture.

CABINET OFFICE ROLES AND OBJECTIVES

The Cabinet Office's position at the heart of government demands that it is flexible and able to lead new initiatives quickly. Within that, we lead on delivery of some specific ambitions which we will now report on.

1. To make Government more efficient and effective
2. Through publishing more, better information more frequently, to ensure that taxpayers can better hold public bodies to account.
3. To strengthen the performance of the Civil Service
4. To set the framework and principles for public service reform
5. To help the Big Society grow
6. To secure greater accountability and decentralise power throughout the UK's political and constitutional system
7. To maintain a secure and resilient UK and to help shape a stable world
8. At all times, to provide effective and professional support for Government business.

The Department has adopted a number of input and impact indicators to help the public assess the effects of our policies and reforms on the cost and impact of public services. As we committed in our Business Plan you will be able to find regular updates of these indicators here: www.gov.uk/government/publications/cabinet-office-input-and-impact-indicators.

Whilst much progress has been made in all these objectives, the Cabinet Office has also looked inward and continues to assess its own operational effectiveness. The Departmental Improvement Plan and Digital Strategy is an articulation of this. Both will be available on GOV.UK.

To make government more efficient and effective

Between early 2008 and early 2010 UK Gross Domestic Product (GDP) shrank by 5%. In 2009-10 government spending was 47% of GDP. In May 2010 Britain was forecast to have the highest percentage of GDP deficit of the G20 countries.

In response, the Coalition Government set out plans to reduce the structural deficit, with the main responsibility for deficit reduction borne by reduced spending rather than increased taxes.

The Efficiency and Reform Group (ERG) was established by the Minster for the Cabinet Office, Francis Maude, to implement this process of reform jointly with the Chief Secretary to the Treasury, Danny Alexander. The Cabinet Office and HM Treasury work together as a corporate centre, supporting central government departments to eliminate waste and inefficient spending while investing in and improving front-line services. The Cabinet Office exercises spend controls on behalf of HM Treasury.

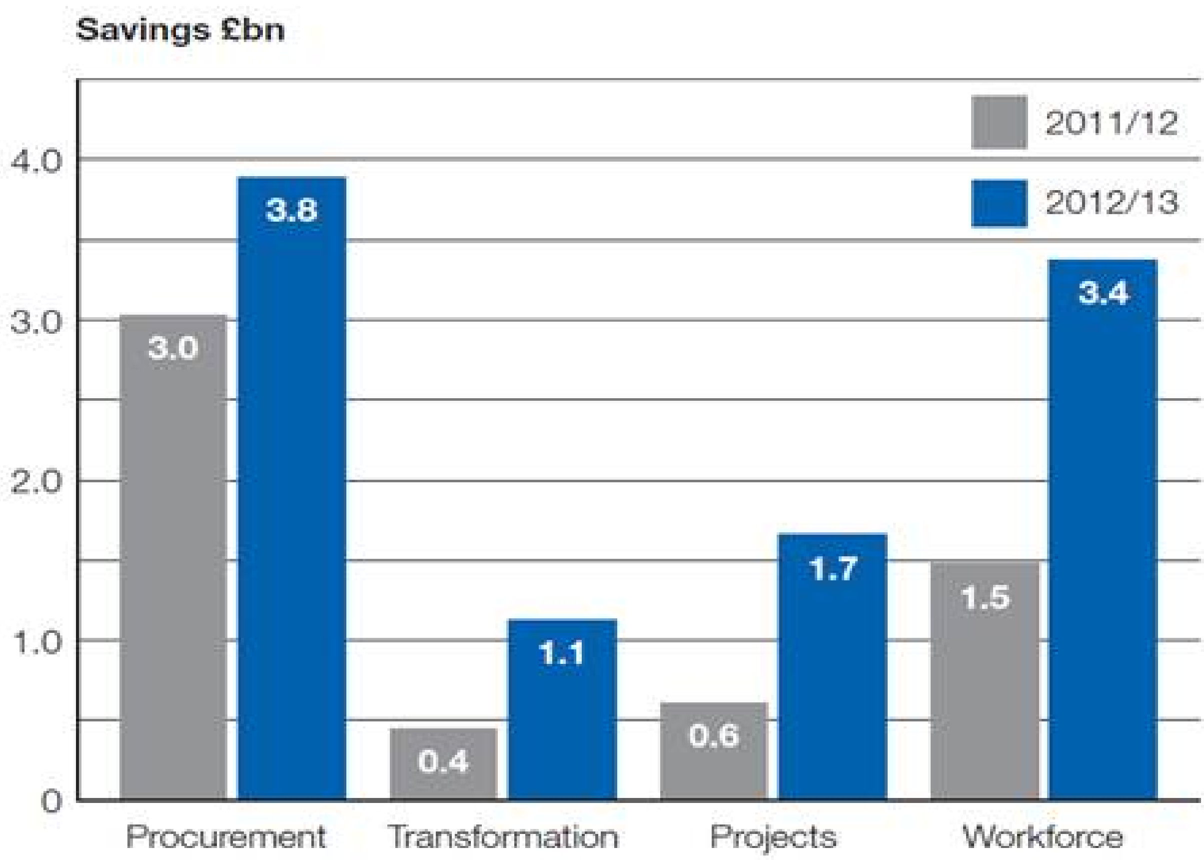
The focus of ERG is to transform the delivery of public services by:

- improving procurement and supplier relationships
- enhancing project assurance
- consolidating the property estate and
- increasing digitisation and the use of alternative delivery models.

Through this reform programme the Civil Service has begun the challenge of delivering world class public services more efficiently than in the past; streamlining processes, working with new technologies and using innovative solutions to reduce government spending. An increase in public sector productivity will support the wider economy and ensure that taxpayers' money is used to support UK growth. ERG will contribute to driving growth through greater use of small and medium-sized enterprises (SMEs), transparent and open processes, new commercial models and services that are digital by default.

Savings 2012-13

ERG supported departments in delivering savings of £3.75 billion in 2010-11 and £5.5 billion in 2011-12. For 2012-13, departments reported savings of £10 billion – an increase of 82% from the previous year. These savings have been reviewed and verified by Cross Departmental Internal Audit Service (XDIAS).



Procurement savings	**£3.8bn***
Centralisation of procurement for common goods and services	£1.0bn
Centrally renegotiating large government contracts	£0.8bn
Limiting expenditure on marketing and advertising, consultants and temporary agency staff	£1.9bn
Transformation savings	**£1.1bn**
IT spend controls and moving government services and transactions onto digital platforms	£0.5bn
Optimising the Government's property portfolio	£0.6bn
Project savings	**£1.7bn***
Reviewing performance of major government projects	£1.2bn
Taking waste out of the construction process	£0.4bn
Workforce savings	**£3.4bn***
Reducing the size of the Civil Service	£2.2bn
Increasing contributions to public sector pensions	£1.1bn

Note: *Figures do not add up due to rounding

Achievements since 2010

- £126 million saved through the use of framework agreements for telecoms services
- £24 million saved by one department with a single supplier
- 65% reduction in spending on consultants and contractors, from £2.4 billion in 2009-10 to £1.6 billion in 2012-13
- 1.5 million m^2 of property vacated since 2010, equivalent to at least 200 Wembley football pitches
- £60 million will be raised for the taxpayer through the grant of a 99-year lease on Admiralty Arch
- £42 million saved by replacing Directgov and Business Link with award winning GOV.UK website
- £324 million administrative savings achieved on health and social care modernisation
- £145 million saved on Crossrail by reducing project costs
- £86 million saved by the Education Funding Agency on construction costs.

Through publishing more, better information more frequently, to ensure that taxpayers can better hold public bodies to account

Aim

This means embedding transparency within policy-making and delivery in all departments; establishing the legal right of the public to have access to data; and providing the means by which they can do so, in a readily accessible form.

Increasing transparency in the public sector, by promoting open data and open government, represents a new way of running government. As this agenda develops we will continue to build the economic benefit case, demonstrating how these core operating principles can lead to new economic growth and greater efficiency within the public sector.

Key achievements and examples of activity include:

- **Redevelopment of data.gov.uk** – one of the largest data resources in the world with more than 9,000 datasets – to a world leading example of how to establish and run a government data catalogue. Since the relaunch in June 2012, the site has been visited nearly 1.5 million times with more than 5 million page views, and is used as a model for other governments' own open data portals.

- **Launching the Open Data Institute (ODI)** with £10 million funding over five years (to be matched by private funding). The ODI's mission is to unlock the supply of, and stimulate the demand for, open data and to increase capability across the public and private sectors. The ODI is already delivering great results in partnership with the small enterprises (SMEs) they are supporting, for example Mastodon C, which has identified potential savings of more than £200 million in the NHS by analysing health data available to the public.

- **Publishing *Unleashing the Potential*, the Open Data White Paper**, in June 2012, making a number of announcements about better access to data, improving trust and smarter use of data. The White Paper has been adopted by many departments and has provided a blueprint and an incentive to engage with the Open Data agenda. That same month, the Transparency Team delivered Open Data Strategies for each central department, setting out new data releases over the next two years, plans for data quality improvement and how market stimulation and growth will be supported.

Case study: Millions of pounds in prescription savings identified in open data by innovative start-ups

Innovative start-ups working with NHS doctors and academics have found a simple way to save hundreds of millions of pounds in prescription savings.

The savings were identified by Mastodon C, a big data start-up company based at the ODI; Open Health Care UK, the health technology start-up behind the NHS Hack Days; and Ben Goldacre, the doctor and writer behind badscience.net. Over just eight weeks, working with publicly available NHS prescriptions data, the team looked at the prescribing patterns in GP practices, clinical commissioning groups and primary care trusts. They focused on a class of drugs called statins, which are used to prevent cardiovascular problems.

The current evidence shows that for most patients, all drugs from this class are equally safe and effective, so doctors are usually advised to use the cheapest. The analysis examined how much money was spent in each area on the more expensive drugs. It looked at the entire prescriptions dataset (37 million rows of data) and therefore represented results from facts, not models. It found that an average £27 million a month of potentially unnecessary expenditure on the two proprietary statins took place last year in the NHS in England. This is part of a wider issue of spending on proprietary drugs in cases where good and far cheaper generic equivalents exist. Previous research has estimated that these wider patterns cost the NHS over £1 billion a year in excess spend.

Source: ODI website theodi.org

Case study: ITO World

ITO World Ltd is a UK SME that specialises in mapping and visualising transport data. Founded in 2006, the company has since worked with such organisations as the Department for Transport, National Rail Enquiries, Guardian Media Group and Vodafone. ITO World has also worked with Google, supporting the provision of public transport journey planning for London using Google Maps. This service was based on official Transport for London data, released as open data.

In April 2012, ITO World again worked with Google on integrating real-time information about disruptions on the London Underground into their service. In the event of any service interruption, travellers are presented with alternative route options and estimated travel times based on real-time data. ITO World has also been involved in OpenStreetMap (www.openstreetmap.org) for a number of years and provides a suite of editing tools to enable the collection of enormous amounts of crowdsourced data. ITO World processes over half a billion nodes of OpenStreetMap data each day to allow the community to remain abreast of ongoing edits and additions.

- **Reinforcement of UK global leadership in promoting transparency** by chairing the Open Government Partnership (OGP), a global initiative of 58 countries (and still expanding) and through leadership of the G8 Open Data negotiations.

Case study: UK's OGP Draft Action Plan

The UK Government has committed to transform the relationship between government, businesses and citizens by developing commitments on transparency, participation and accountability in its OGP Action Plan. The Government is working with global partners in addition to embarking on an ambitious programme of domestic reform to achieve this.

The key priorities in the Action Plan are:

- improving public services
- more effectively managing public resources.
- increasing corporate accountability
- implementing the highest standards of professional integrity throughout our administrations.

The Action Plan builds on major domestic policies that the Government has already implemented: in creating one of the largest data resources in the world; in launching the ODI to help organisations (public and private) improve the way they work with open data; in strengthening the right of citizens to data through an amendment of the Freedom of Information Act 2000; and in working with Whitehall departments to ensure better access to and use of data. Specific commitments in the Action Plan include establishing a register of lobbyists; strengthening the management of digital records throughout government; implementing a system of 'open contracting' covering the lifecycle of government procurement projects; and encouraging greater openness in the private sector.

The plan also aims to promote transparency between governments and international organisations. This includes building on our leading role in development of the International Aid Transparency Initiative; supporting the Extractive Industries Transparency Initiative; developing strategies to tackle corruption, for example supporting Overseas Territories and Crown Dependencies to sign anti-corruption conventions such as the United Nations Convention against Corruption and the Organisation for Economic Co-operation and Development's Anti-Bribery Convention; and defining our role in the post-2015 UN Development Agenda.

The principles of openness are also applied to the very way in which the Action Plan has been created: as a joint venture with representatives from civil society, and publishing all working documents online.

To strengthen the performance of the Civil Service

Aim

To continue to strengthen the performance of the Civil Service, through implementing the Civil Service Reform Plan, implementing programmes to enhance Departmental Boards, improving and streamlining the public appointment process, reducing the number and cost of public bodies and being clearer about their accountability, and reforming Civil Service performance management systems.

Key achievements include:

- **Building capability by strengthening skills:** on 18 April, the Government published the first ever Civil Service Capabilities Plan, setting out a new corporate strategy for building organisational capabilities in four priority areas – digital, commercial, programme and project management, and leadership and management of change.

- **Implementing policy and sharpening accountability:** we have rolled out two major development programmes to improve the skills of those civil servants implementing policy –the Major Projects Leadership Academy, run in conjunction with Oxford Saïd Business School to develop specialist skills among those leading the Government's largest projects and programmes, and the Commissioning Academy, developing the skills of senior commissioners across the public sector.

- **Improving policy-making capability:** the What Works Network, launched in March 2013, will consist of two existing independent centres of excellence – the National Institute for Health and Clinical Excellence (NICE) and the Sutton Trust/Education Endowment Foundation – plus four new institutions responsible for gathering, assessing and sharing the most robust evidence to inform policy and service delivery in tackling crime, promoting active and independent ageing, effective early intervention and fostering local economic growth.

- **Implementing programmes to enhance Departmental Boards:** over the last year, each of the 16 ministerial departments has moved beyond establishing Enhanced Departmental Boards to embedding them. By learning from the year 1 Board evaluation results, Boards have greater clarity on their remit and are playing an increasing role within their respective departments. Non-Executives on each Board are having a greater impact both inside and outside of Board meetings, for example through supporting strategic reviews and senior appointments. Lord Browne's second Annual Report, published in June 2013, highlights the progress made in embedding Enhanced Departmental Boards and the important role of Non-Executives.

- **Improving and streamlining the public appointment process:** we have established the Centre for Public Appointments to support departments and promote best practice, and revised the Order in Council for Public Appointments.

- **Reducing the number of public bodies:** more than halfway through its implementation, the reform programme is set to deliver the largest restructuring of public bodies for many decades. The Government has reduced the number of public bodies significantly. At April 2013, more than 140 public bodies have been abolished and more than 150 merged into fewer than 70, resulting in the total number of public bodies being reduced by approximately 230.

- **Being clearer about the accountability of public bodies:** the reforms have ensured that where a function does not need to be undertaken at arm's length from ministers but should remain in the public sector, ministers are clearly and directly accountable to Parliament for such functions. For example, the Child Maintenance and Enforcement Commission was abolished and its functions transferred into the Department for Work and Pensions (DWP), where it is accountable to Parliament through the DWP's Secretary of State. The reforms also ensure ongoing challenge through a programme of Triennial Reviews.

- **Reducing the cost of public bodies:** departments report that the net administrative expenditure on public bodies fell around £400 million in 2011-12 and will be at least £900 million lower per year by 2014-15. Over the Spending Review period the net administrative expenditure will have reduced by at least £2.6 billion.

- **New, more rigorous performance management:** new Competency and Performance Management Frameworks are being rolled out in all departments, allowing the performance of civil servants to be compared on an equal basis. More than 4,000 people have used the self-assessment tool based on the new Competency Framework since the start of April. The top 25% and bottom 10% of performers are being identified, with ministers feeding into senior civil servants' appraisals.

- **Clarifying the future size and shape of the Civil Service:** building on the success of MyCSP, the first spin-out of central government, we have announced that the Behavioural Insights Team in the Cabinet Office will be mutualised to become a profit-making venture, and a joint-venture partner, Capita, has been selected as the partner for the Swirl (Best Management Practice) joint venture. We have also led the shift to digital by default, including the launch of a single website for government (GOV.UK) and the consolidation of all 24 ministerial departmental websites into this single portal. The website won the Design Museum's Design of the Year Award 2013.

To set the framework and principles for public service reform

Aim

We have set the framework and principles for public service reform, within which departments have taken forward programmes to give people more direct control over the services they use; services have been opened up to a range of providers and run at as local a level as possible, with government's role being to ensure fair access, funding and competition.

The Open Public Services White Paper set out the Government's approach to reforming public services, based on the principles of choice, diversity, accountability, decentralisation and fair access. The Cabinet Office is the cross-governmental lead department for open public services. Specific Cabinet Office achievements in this area are outlined below. Additional examples of public sector reform can be found in the Open Public Services 2013 Update.

Support charities, social enterprises, small businesses and other non-governmental bodies to compete for opportunities opened up by public service reform
The Office for Civil Society (OCS) has set itself three objectives relevant to public service reform: to make it easier to set up and run a civil society organisation; to make it easier for civil society organisations to work with the state; and to bring more resources into the civil society sector, including investment that helps it to deliver more public services.

The Transforming Local Infrastructure Fund was established to make it easier to set up civil society organisations. The fund has distributed £30 million to 74 local infrastructure partnerships, who in turn support front-line charities and social enterprises to adapt to the new funding environment. OCS also developed a new streamlined legal structure for charities – the Charitable Incorporated Organisation – which has been available since January 2013. Both of these measures strengthen the sector's ability to engage with public service reform.

At the end of 2012-13, OCS began funding a series of 'masterclasses'. These are run by civil society and commercial partners to boost commercial skills, building the capacity of the sector to engage with and deliver public service contracts. OCS also helped to pass the Public Services (Social Value) Act 2012, which requires commissioners to consider social value in the pre-procurement stage of service contracts.

The £10 million Investment and Contract Readiness Fund was established to help civil society to deliver more public services. The fund has already allocated more than £3.8 million to support organisations to access investment or bid for public sector contracts. OCS also helped to set up the independent social investment wholesaler, Big Society Capital, which became operational in April 2012 and will invest up to £600 million in intermediaries that will themselves invest in front-line civil society organisations.

Support new forms of provision in the public sector, including mutuals, cooperatives, joint ventures and other commercial models

Formed mid-way through 2012, the Commercial Models Team engaged with every government department, identifying existing or future services which could benefit from transformation through new and innovative business models. Key achievements and examples of activity include:

- The Energy for Growth initiative saw government buying energy direct from a generator at a fixed low price over the set period, saving £84 million over 20 years.

- Best Management Practice saw government enter into a joint venture with Capita to better utilise the intellectual property which sits behind a number of training courses, including the internationally recognised PRINCE2. This is expected to boost returns by £500 million over the next seven years.

- 3BM is the first mutual joint venture in the wider public sector, providing school support services for three London boroughs: Hammersmith and Fulham, Westminster, and Kensington and Chelsea.

Introduce greater choice in and control of public services to individuals and communities

Increasing meaningful choice and control is one the key principles of the Open Public Services White Paper. In 2012, the Government asked David Boyle to conduct an independent review into the barriers to choice in public services, with a focus on the experience of the most vulnerable. The review drew on front-line evidence to identify practical policy solutions to unblock the everyday barriers people face in exercising choice in public services. The findings of the Boyle Review were published in January 2013. They included ten recommendations for the Government to consider. The Government welcomes the Boyle Review and has set out its initial response to the recommendations.

The Government has also launched a Choice Charter which sets out the principles it is following to increase choice and the standards service users should expect to receive from their services. Three further Choice Frameworks, covering adult social care, school education and funded early education, have also been published.

Case Study: Public Bodies Reform – the Canal & River Trust

The reform of British Waterways saw a transfer of functions, including the care of 2,000 miles of waterways in England and Wales, to the newly established charity, the Canal & River Trust. This was the largest ever single transfer from the state to the charity sector.

The new Trust, a charitable company limited by guarantee, has since July 2012 been responsible for attracting new investment, securing jobs and volunteers, and giving the public, including waterways users and the communities that live alongside them, a much greater say in how they are managed. Local people have taken charge of developing local plans and strategies through thirteen new Waterways Partnerships. In addition, since the formation of the Trust almost 450 have joined as Volunteer Lock Keepers, and community canal adoptions are up and running in 17 areas with this figure expected to grow following a national campaign launch in July 2013. Over 29,000 days have been contributed by volunteers between July 2012 and March 2013. 350 waterway societies and community groups are now working with the Trust and 80 specialist education volunteers are helping to teach children about the canals and citizenship.

Charitable status has meant that the Trust can benefit from charitable giving and has greater scope to increase income through its investment portfolio. For example, it has been able to fund 42 out of 50 of its towpath appeal projects – to make physical improvements to the towpaths – entirely from voluntary donations. The reform has reduced the dependence of the waterways on Government and the taxpayer in the longer term and protected our heritage and public access.

To help the big society grow

Big Society is a vision about the type of country we want to live in: a society in which people have more power and responsibility over their lives, the local community and the services they use. Achieving the vision requires cooperation between civil society, and the private and public sectors.

The Cabinet Office helps to catalyse action across government, support civil society and deliver specific policies to create a more empowered and active society, through four workstreams:

- **National Citizen Service** – supporting the personal and social development of 16- and 17-year olds to give them the skills for work and life and to promote a more cohesive, responsible and engaged society

- **promoting social action** – encouraging volunteering, and building social capital, especially in the most deprived areas

- **sector support and reform** – helping charities and social enterprises to set up, run, adapt and compete for opportunities opened up by public service reform

- **social investment and finance** – supporting the development of social finance and enterprises to solve social problems and boost economic growth.

Key achievements

National Citizen Service

- More than 26,000 young people took part in National Citizen Service in 2012 – the size of the programme almost tripled compared with 2011 (when 8,000 young people participated).

Promoting social action

- The Community Life survey commissioned by the Cabinet Office to track the latest trends and developments across areas key to encouraging social action and empowering communities has shown that:
  - 71% of people had volunteered at least once in the last 12 months, with 45% of people volunteering formally and 61% volunteering informally, significant increases from 2010-11 (65%, 39% and 55% respectively). Just under half (49%) of people had volunteered at least once a month in the past year, a significant increase from 41% in 2010-11
  - 74% of people had given money to charity in the four weeks prior to being interviewed, unchanged from 2010-11 levels.

- Join In was inspired by the London 2012 Olympic and Paralympic Games. Join In provided more than 300,000 people across the UK with a unique opportunity to participate in local sport and the chance to volunteer in their community in the fortnight immediately following the Games. More than 6,000 events took place across the UK and of those that took part, 10% volunteered on the day and over 10% signed up for future volunteering.

- The Community Organisers programme enables communities to take action on things that matter most to them. Committed and well-trained individuals listen to their communities to identify local leaders, projects and opportunities to empower the local community to improve their local area. Since the start of the programme, the Cabinet Office has met its target to train 800 community organisers (including 230 senior organisers) by March 2013.

Sector support and reform

- The Transforming Local Infrastructure Fund aimed to help local voluntary and community sector infrastructure services to be more efficient in supporting front-line organisations. £30 million has been distributed to 74 organisations across England over the course of the programme.

- The £65 million Advice Services Transition Fund was launched in October 2012 – it invited applications from partnerships of local not-for-profit advice providers who came together and demonstrated new ways of working that will improve local services. (Awards were announced in May 2013.)

- The Cabinet Office is responsible for ensuring that the legal and regulatory framework for charities maintains public trust and confidence, while removing unnecessary red tape and bureaucracy. Lord Hodgson's review of the legal framework for charities was published in July 2012.

- The Cabinet Office is the lead department for the civil society Compact. This is the agreement between government and the voluntary and community sector to ensure effective partnership working. OCS works closely with other departments and Compact Voice to ensure that government policy and programmes are conducted in accordance with the principles of the Compact.

Social investment and finance

- The Investment and Contract Readiness Fund helps charities and social enterprises to develop skills and infrastructure to win more capital investment and public service contracts. It was launched in July 2011 and has continued to give grants of between £50,000 and £150,000 to high-growth potential social ventures. Some 40 awards were made in 2012-13, totalling a commitment of some £3.9 million pounds.

- The Centre for Social Impact Bonds (SIBs) and the Social Outcomes Fund (SOF) were launched in November 2012. The centre works to increase understanding of SIBs across government and provide support to SIB developers. SIBs attract investment to help finance early or preventative programmes on some of the most complex and expensive social problems. The SOF is a £20 million fund which promotes top-up funding to commissioners to create more SIBs by targeting support to those social issues where the benefit to any one commissioner is not sufficient for them to act but where there are benefits to the wider public sector.

- Big Society Capital was launched on 4 April 2012 with capitalisation of up to £600 million. £400 million of dormant account money has been unlocked for social use alongside the 'Project Merlin' banks' investment of £200 million.

- The Social Incubator Fund targets social incubators (which are social ventures or socially led partnerships or organisations) and helps them to provide investment and support to early-stage social ventures. Four incubators were supported in 2012-13: Wayra UnLtd (£1.21 million), Social Innovation Camp Ltd – Bethnal Green Ventures (£0.9 million), Social Incubator North – Key Fund and Locality (£1.07 million) and Hub Launchpad – Hub Westminster (£1.49 million).

Case study: National Citizen Service

The 2011 National Citizen Service (NCS) pilots were rigorously evaluated by an independent consortium led by the National Centre for Social Research. The interim report was published in May 2012, and showed that NCS was highly successful in its first year.

- For every £1 invested in NCS, the programme delivers up to £2 returns (based on the value of social action and improved educational outcomes). This does not include many of the societal benefits, such as reductions in anti-social behaviour and increased well-being.
- The programme succeeded in creating a good social mix for those who took part – participants were more likely to be non-white, to have a disability or to be eligible for free school meals than the general population.
- 93% of participants would definitely recommend NCS to a friend.
- The most significant impact was on 'work-ready' skills, in particular teamwork, leadership and communication.
- The proportion saying they were planning to study for another qualification after NCS (i.e. in addition to A-levels or equivalent) increased from 27% to 34%.
- 95% of young people reported that NCS gave them the chance to develop useful skills for the future.
- 85% of participants said that NCS had made them aware of more education or employment opportunities.
- 77% of participants said that they were more likely to help out locally.
- Over 90% of participants agreed that NCS had given them the chance to know people they wouldn't normally mix with.

To secure greater accountability and decentralise power throughout the UK's political and constitutional system

Aim

To deliver the Government's programme of constitutional and political reform, including: maintaining and strengthening governance throughout all parts of the UK: maintaining and enhancing confidence in the electoral system, notably through the implementation of Individual Electoral Registration: reforming our political system through Parliamentary and other constitutional reform;, and promoting local economic growth and decentralisation in England through City Deals.

The Cabinet Office Constitution Group spent £9.96 million on this objective and related policy and legislative work. This splits into two categories: the cost of the Individual Electoral Registration Programme, and staff time to deliver the achievements set out below.

Key achievements include:

- The Group supported the Prime Minister and the Secretary of State for Scotland in reaching an agreement with the Scottish Government on a legal, fair and decisive referendum on independence for Scotland, and played an important role with HM Treasury in launching the Scotland analysis programme to inform that debate.

- Over the past year, the Electoral Registration Transformation Programme has put in place several of the major building blocks for the transition to Individual Electoral Registration, including the Electoral Registration and Administration Act 2013. A digital service was developed and tested, with all major elements in place and ready to be rolled out across 380 local authorities and Valuation Joint Boards (VJB) across the rest of 2013. The approach to transition – matching existing electors' entries on the register against DWP data – was piloted, and evaluation of the pilots suggests that around 70% of electors should be transitioned to the new system automatically.
- We have supported the Law Commission's project to modernise and update electoral law.
- We have secured agreement across the Realms where the Queen is Head of State to change the rules of succession, now passed in the Royal Assent of the Succession to the Crown Act 2013.
- Following the failure to secure Parliamentary agreement to the House of Lords Reform Bill, the last of the major constitutional measures in the Government's programme, focus has shifted towards ensuring decentralisation of power. We have agreed City Deals with all eight of England's core cities, establishing new ways of working between central and local government and introducing (or agreeing to introduce) new policy approaches in a variety of areas, including local government financing and skills.
- Following the success of Wave 1, we are now in the process of agreeing City Deals with a further 20 urban areas across England. Going forward, the City Deals model has been adopted as the approach for agreeing the Local Growth Deals that lie at the heart of the Government's response to Lord Heseltine's proposals for decentralisation and economic growth in England.

Case study: Individual Electoral Registration

In 2010, the Coalition Government committed to speeding up the implementation of Individual Electoral Registration (IER) to tackle electoral fraud as a key part of rebuilding trust in our electoral system. The implementation of IER is expected to cost more than £100 million (resource and capital) across the current Spending Review period; this is an important investment to ensure that as many people as possible who are entitled to vote get on and stay on the electoral register during the move into the new system.

During 2012-13, the Cabinet Office invested £2.8 million (resource) and £2.3 million (capital) in preparation for the new system of IER. As well as supporting the delivery of primary legislation and publication of draft secondary legislation, the programme's work included collaboration with several partners, across the public and private sectors, to develop the IT which will support online electoral registration and the checking of new applications to register. Online registration will help to make applying to register to vote more convenient and accessible. The digital service is now being rolled out across all 380 local authorities and Valuation Joint Boards responsible for the delivery of IER at a local level.

The programme also piloted a new approach to the transition to IER designed to make the process much easier for the ordinary citizen. By data matching people currently on the register with DWP records, we established that we should be able to automatically 'confirm' about 70% of currently electors on the register when the transition starts. This approach has now been widely tested and externally checked by the Electoral Commission, and should make the transition much simpler for the vast majority of people, allowing resources to be better targeted at the remainder of people and those who are currently missing from the electoral register.

Note: These numbers are included in Notes 2.1 and 2.2 to the Accounts - Political and Constitutional Reform at Row B.

Case study: Sheffield City Region – Skills Funding Model

Following the agreement of its City Deal, Sheffield City Region has established a local 'tripartite' skills funding model to address skills gaps in key growth sectors such as advanced manufacturing. Sheffield will lever in £44.4 million of local public and private sector investment in return for £27.8 million of devolved funding from central government over a three-year period.

The city will use this budget to invest in skills and to incentivise colleges and providers to respond quickly and flexibly to the emerging needs of key sectors. Sheffield City Region will create a Skills for Growth and Employment Partnership, enabling business leaders, skills providers and local authorities to oversee the delivery of the deal and shape skills provision.

New SMEs will be engaged through a brokerage model designed to aggregate local employer demand and facilitate effective devolution of skills funding to local businesses. The local authority will grow its contract with the Skills Funding Agency based on this employer demand.

The Sheffield City Region skills model will deliver at least 4,000 additional Apprenticeships (meaning new employment opportunities for young people with the right skills) and upskill 2,000 employees to Level 2 and Level 3 over three years.

To maintain a secure and resilient UK and help to shape a stable world

Aim

To serve the Government's national security priorities, including: supporting the effective operation of the National Security Council; preparing for and managing the coordination of the Government's response to crises; planning and managing a transformative cyber security programme for the UK; and developing a better framework for the management of national security and intelligence material in courts.

Key achievements include:

- The National Security Secretariat continued to provide high-quality policy support to the Prime Minister and Deputy Prime Minister on the full range of national security issues, including through the National Security Council.

- The Directorate of Security and Intelligence and the Civil Contingencies Secretariat continued to provide and improve government's central crisis management facilities, engaging with stakeholders to ensure that effective and efficient procedures provided a first-class service to the Prime Minister and other ministers. The Cabinet Office Briefing Rooms (COBR) model, which provides a mechanism for the coordination of decision-making and emergency response across government, was utilised to coordinate central government's support for the London 2012 Olympic and Paralympic Games. This enabled effective communication and management across a range of government departments, police, defence specialists and the organisers of the Games, ensuring that they ran as smoothly as possible.

- A cross-Whitehall team based in the Directorate of Security and Intelligence successfully coordinated the passage of the Justice and Security Bill, framed to establish effective measures to protect sensitive information in civil courts and to reform the Intelligence and Security Committee. The Bill received Royal Assent in March 2013.

- The Civil Contingencies Secretariat in the Cabinet Office, in partnership with the Business Continuity Institute and the Emergency Planning Society, published the highly successful *Business Continuity for Dummies*, providing income for the Cabinet Office and improving the resilience of the UK. This was the first ever use of this kind of format by government, and was an innovative and well-received approach to offering broadly based expert advice to 5 million SMEs in the UK.

- The Office of Cyber Security and Information Assurance pursued initiatives to provide cyber-skilled people to support industry and government in combating cyber threats, establishing funding to support: 2 new research institutes in the science of cyber security; 11 academic centres of excellence; 2 new centres for doctoral training in cyber security; and 30 Government

Communications Headquarters (GCHQ) PhD studentships. For more information on achievements in the first year of the Cyber Security Strategy, visit: https://www.gov.uk/government/policies/keeping-the-uk-safe-in-cyberspace.

- The Foreign and Defence Policy Secretariat successfully updated and implemented a range of policies and strategies. Work on Afghanistan, for example, looked forward to: peaceful elections in 2014; withdrawal from a combat role by the end of 2014; and delivery of the Chicago and Tokyo commitments to provide continuing support, including maintaining funding at 2012-13 levels through to 2017.

- The Joint Intelligence Organisation continued to provide all-source intelligence assessments for the Prime Minister, the National Security Council and policy-makers across government, assessing threats to the UK and UK interests overseas.

Case study: Hyogo Framework for Action peer review

The Hyogo Framework for Action (HFA) introduced a system of peer review of national resilience arrangements to aid countries in developing their emergency preparedness systems. In 2012 the UK agreed to participate in a pilot of the peer review mechanism. This was the first peer review under the HFA anywhere in the world.

The review was undertaken by experts from Sweden, Italy and Finland, assisted by officials from the United Nations and the European Commission during two weeks in September 2012. They interviewed more than 90 people from across a wide range of government departments, non-governmental organisations (NGOs), private industry and businesses, academia and civil society. The final report is positive about the UK's approach ('In many respects, the UK resilience approach shows state-of-the-art innovations'), highlighting many excellent practices, in particular around the 'large use of science to support policy; attention to business-continuity issues and full partnerships with the private sector and a national commitment to continue improving policy-making'. Not surprisingly, it also identified some areas where the authors believed more could be done to further the development of HFA in the UK. We are already implementing some of these (e.g. to set up a disaster-loss database to help assess the outcome of prevention work; to further develop the Natural Hazards Partnership; to further support volunteer organisations in their work with local resilience forums; and to work more closely with international NGOs to ensure that expertise in the UK can be used overseas and vice versa).

Case study: Public awareness and behavioural change

A pilot public awareness and behavioural change campaign on online threats was run by the National Fraud Authority (NFA) in spring 2012, with funding from the National Cyber Security Programme (NCSP) and sponsorship from industry partners. 'The Devil's in Your Details' campaign focused on online crime and reached more than 4 million individuals. Building on this, the NFA completed an NCSP-funded customer segmentation study to allow effective targeting of cyber security messages, and has delivered targeted campaigns on online fraud, reminding people of the increasing threat of cybercrime. Campaign research demonstrated that it persuaded 68% of participants to state that they would change their online behaviour and guard their personal information more carefully in future. Applying very conservative estimates of victimisation and average financial loss, the campaign saved more than £3 million in future losses against a total spend of £300,000, which included a significant contribution from industry. Building on this success, plans are being developed for a national campaign to build confidence for people to go online safely and securely.

At all times, to provide effective and professional support for government business

We have at all times supported the Government's business effectively and professionally, including the advice and support we provide to the Prime Minister, Deputy Prime Minister and Cabinet, through our leading role in supporting the development, coordination and implementation of domestic, economic, security, European and global policies, and in supporting ministers in delivering their legislative programme and other Parliamentary business.

CABINET OFFICE PERFORMANCE AGAINST BUSINESS PLAN ACTIONS

The Cabinet Office's 2012-15 Business Plan details the programme of work the Department will be leading on during this Parliament as well as the Department's structure and agreed funding. A number of indicators have also been developed to measure the impact of these policies.

In May 2012 we published a refreshed Business Plan which can be found at:
https://www.gov.uk/government/publications/cabinet-office-business-plan

Since the publication of the refreshed plan we have completed 78% of our planned activities on time. This is broadly in line with previous years and demonstrates the ambitious nature of what we have been seeking to achieve. In some cases, due to reasons beyond our control we have not been able to deliver on our commitments, such as the reform of the House of Lords and boundary reviews.

Some of our successes have been:

- reporting £10 billion of savings through efficiencies and reform delivered across government
- fully embedding data.gov.uk, making it a key tool for the public to access government data
- publication of the Civil Service Reform Plan
- transitioning all ministerial department websites onto a single platform, GOV.UK
- successful delivery of the National Citizen Service pilot programme, making 30,000 places available during 2012
- supporting the agreement of a section 30 Order with the Scottish Government to allow the Scottish Parliament to hold a referendum on whether or not Scotland should remain part of the UK
- agreeing and launching the first round of City Deals
- supporting the delivery of a safe, secure and successful London 2012 Olympics
- rolling out the Social Mobility Business Compact.

Priority 1: Drive efficiency and effectiveness in government				
Total actions	Number met on time	Number missed by <1 month	Number missed by <2 months	Number overdue at year end
26	21	3	1	2

Actions not completed on time

Publish the report of the Independent Review of Barriers to Choice
Delayed while bespoke Ipsos MORI research was considered and incorporated.
(Completed in January 2013, 1 month late)

Establish a consistent set of cross-government metrics for digital service delivery, and publish the cost per transaction of high-value services to enable continuous monitoring and improvement of services
Delayed while cost per transaction data was finalised.
(Completed in January 2013, 1 month late)

Set out a concrete set of proposals agreed across central government on how to increase the efficiency and effectiveness of debt management and collection
Delayed while proposals were finalised. An announcement was made by the Minister for the Cabinet Office on 15 October.
(Completed in October 2012, 1 month late)

Publish the government response to the Barriers to Choice independent review's recommendations
Delay in responding was caused by the delay in the delivery of the independent review.
(Completed in May 2013, 2 months late)

Action overdue at year end

Publish an action plan to deliver the aspiration that, by the end of this Parliament, at least half of all new appointees to the boards of public bodies are women
Completion delayed to ensure that the plan complements the Commissioner for Public Appointments' Diversity Strategy and also to reflect ministers' priorities. Completion is expected in 2013-14.

Priority 2: Increase transparency in the public sector				
Total actions	Number met on time	Number missed by <1 month	Number missed by <2 months	Number overdue at year end
2	1	-	-	1

Action overdue at year end

Amend Freedom of Information Code of Practice as required by new legislation to extend the 'right to data' to public authorities
Delayed while agreement of revised Code of Practice is sought. Completion is expected in 2013-14.

Priority 3: Reform our political and constitutional system				
Total actions	Number met on time	Number missed by <1 month	Number missed by <2 months	Number overdue at year end
11	7	2	-	2

Actions not completed on time

Publish a response to the report of the Political and Constitutional Reform Committee on the draft Recall of MPs Bill
Report submitted to Committee in September 2012. Publication of the interim response was in the hands of the Committee which published shortly afterwards.
(Completed in October 2012, 1 month late)

Introduce a 'public reading' stage and 'public reading' day for government Bills, subject to consultation with Parliament
The Small Charitable Donations Bill, introduced on 21 June 2012, was agreed as the initial pilot for the public reading stage. The action was determined complete on 9 July after the launch of the website allowing the public to contribute.
(Completed in July 2012, 1 month late)

Actions overdue at year end

Pursue detailed agreement on limiting donations and reforming party funding
Talks on party funding continued beyond year end; the Government has considered those discussions as part of setting out any views or proposals on the way forward.

Publish a White Paper and draft legislation on establishing a statutory register for lobbyists

The Government committed in the Coalition Agreement to introducing a statutory register of lobbyists that will increase transparency without placing disproportionate burdens on those who legitimately lobby the Government on behalf of business, charities or other causes. The Government will be bringing forward legislation before the summer recess.

Priority 4: Build the Big Society				
Total actions	Number met on time	Number missed by <1 month	Number missed by <2 months	Number overdue at year end
8	8	-	-	-

Priority 5: Promote social mobility				
Total actions	Number met on time	Number missed by <1 month	Number missed by <2 months	Number overdue at year end
4	3	1	-	-
Actions not completed on time *Ensure that the Social Mobility and Child Poverty Commission is fully operational* A higher number of applications than anticipated for membership of the commission resulted in a slight delay in completion. (Completed in November 2012, 1 month late)				

Details of Structural Reform Plans for the coming years can be found in our Business Plan at: https://www.gov.uk/government/publications/cabinet-office-business-plan

Indicators

The impact of our performance is demonstrated through input and impact indicators which we report against regularly. To date all indicators have a positive trend. Further detail can be found at: https://www.gov.uk/government/publications/cabinet-office-input-and-impact-indicators

MANAGEMENT COMMENTARY - CORPORATE INFORMATION

Monitoring spend on consultancy and temporary staff

Measures to control spending were introduced after the freeze on consultancy and interim managers and other temporary staff announced by the Chancellor of the Exchequer in May 2010. These measures have had a significant impact on the Cabinet Office's use of external resources, despite variations in classification and the Cabinet Office gaining extra business functions from other departments following the formation of the Coalition Government.

Annual expenditure by the Cabinet Office on consultancy has fallen consistently since 2010-11 and is currently around two-thirds of 2011-12 spending. Expenditure on temporary staff, albeit greater, can be largely explained in part to the extensive Public Service Network programme and the contribution to the Government Digital Strategy.

All new off-payroll engagements over £220 per day and more than six months

For off-payroll engagements at a cost of over £58,200 per annum that were in place as of 31 January 2012[1]	
Number in place on 31 January 2012	37
Of which:	
Number that have since come on to the organisations payroll	1
Of which:	
Number that have since been re-negotiated/re-engaged to include contractual clauses allowing the department to seek assurance as to their tax obligations	14
Number that have not been successfully re-negotiated and therefore continue without contractual clauses allowing the department to seek assurance as to their tax obligations	0
Number that have come to an end	22
Total	37

[1] *Table includes Cabinet Office ALBs with the exception of the Government Procurement Service. Figures exclude personnel on secondment from non-central government organisations.*

Reporting related to review of tax arrangements of public sector appointees

Table 2: For all new off-payroll engagements between 23 August 2012 and 31 March 2013, for more than £220 per day and more than 6 months[1]	
Number of new engagements	29
Of which:	
Number of new engagements which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	27
Of which:	
Number for whom assurance has been requested and received	0
Number for whom assurance has been requested and not received	26
Number that have been terminated as a result of assurance not being received	0
Total	29

[1] Table includes Cabinet Office ALBs with the exception of the Government Procurement Service. Figures exclude personnel on secondment from non-central government organisations.

Number of Senior Civil Service staff by pay band

Full-time employees as per 31 March 2013	
Permanent Secretaries	5
Senior Civil Service Pay Band 1	128
Senior Civil Service Pay Band 2	36
Senior Civil Service Pay Band 3	12
Parliamentary Counsel (PC)	8
Deputy Parliamentary Counsel (DPC)	13
Assistant Parliamentary Counsel (APC)	8
Senior Assistant Parliamentary Counsel (SAPC)	12
Total	222
Headcount as per 31 March 2013	
Permanent Secretaries	5
Senior Civil Service Pay Band 1	129
Senior Civil Service Pay Band 2	36
Senior Civil Service Pay Band 3	13
PC	8
DPC	14
APC	9
SAPC	13
Total	227

Recruitment practice

All Civil Service recruitment within the Cabinet Office is carried out in accordance with relevant employment legislation and the Recruitment Principles issued by the Civil Service Commission.

For the year 2011-12, the number of vacancies filled was 293. In 2012-13, the number of vacancies filled rose to 340, including an increase in internal recruitment campaigns. This was due to a high requirement for expertise to be brought in from government departments, other parts of the public sector and, in some cases, the private sector to work on departmental priorities. The Cabinet Office resourcing model aims for a relatively high ratio of staff on loan from other departments. Staff bring expertise into the Cabinet Office, develop their skills and return to their home departments with the benefit of experience from working in central government. Vacancies arise as staff return to their departments.

Number of vacancies filled	Senior civil servant or equivalent		Non-senior civil servant		Total	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
Internal	44	27	128	229	172	256
External	5	14	116	70	121	84
Total	49	41	244	299	293	340

The Department continued to offer young people the opportunity to enhance their employability through the Apprenticeships programme, and intern and work experience opportunities. In 2012-13, 14 apprentices joined the Department; and 22 opportunities for undergraduate and graduate internships were filled, all as exceptions to the freeze on recruitment from outside the Civil Service. In addition, ten work experience opportunities were successfully filled by unemployed young people.

Public appointments and re-appointments

As at 31 March 2013, the Cabinet Office sponsored ten non-departmental public bodies (NDPBs), one executive NDPB and nine advisory NDPBs.

Between 1 April 2012 and 31 March 2013, 19 appointments were made, of which 11 were new, with over 50% of Board appointments being female. Of these, three appointments were to the Committee on Standards in Public Life, two each to the Big Lottery Fund, the Senior Salaries Review Body and the Advisory Committee on Business Appointments, and one each to the Charity Commission for England and Wales and the UK Statistics Authority. Re-appointments were made to the Senior Salaries Review Body, the Committee on Standards in Public Life and the Charity Commission for England and Wales. In addition, 12 extensions were made for Board members in the Security Vetting Appeals Panel, the Charity Commission for England and Wales, the Committee on Standards in Public Life and the Big Lottery Fund.

For comparison, in 2011-12 there were ten new appointments, including to the Big Lottery Fund and the Boundary Commission for Wales. There were 12 re-appointments made to the Senior Salaries Review Body, the Big Lottery Fund, the Committee on Standards in Public Life and the Main Honours Advisory Committee.

Employee consultation

The Cabinet Office recognises the importance of sustaining good employee relations to achieve its objectives, and consultation with employees and their representatives is central to that work.

Regular communication and consultation continues to take place with all staff through a variety of channels, including the intranet, staff bulletins and team briefings. More formal consultation exercises also take place with staff and unions on matters such as organisational change and changes to staff terms and conditions.

The Department formally recognises the FDA, the Public and Commercial Services Union and Prospect. It has a partnership agreement with the trade unions and senior managers meet regularly to discuss a shared agenda. There are also regular meetings to negotiate pay awards and other informal meetings to discuss trade union concerns at both corporate and local levels.

The Cabinet Office Employee Relations Strategy embeds monthly trade union/HR meetings and quarterly meetings with the HR Director.

There are also staff networks which represent particular groups of employees, including women, people with disabilities, staff with dyslexia, lesbian, gay, bisexual or transgender employees, and carers.

The Cabinet Office runs an annual people survey which captures employees' views on a number of issues. The results of the survey are used to measure levels of engagement at local and corporate levels.

Sickness and absence

The sickness absence figure for the rolling 12 months to March 2013 stands at 2.7 average working days lost, including the Government Procurement Service (GPS), or 2.03 excluding GPS.

Diversity and inclusion policy

The Cabinet Office is committed to:

- eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
- advancing equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- fostering good relations between persons who share a relevant protected characteristic and persons who do not share it.

The Cabinet Office aims to be an organisation where everyone is:

- treated with fairness and respect
- able to contribute and develop
- confident about how to ensure that the work they do supports equality of outcomes for everyone in society.

The Cabinet Office's people management policies and practices reflect the Cabinet Office and Civil Service Management Codes. They build on the legal obligations under national and European law.

However, diversity for the Cabinet Office covers more than just those elements covered by legislation and enshrines the true diversity of thought, skills, background and experience. It does not tolerate any form of unfair discriminatory behaviour, harassment, bullying or victimisation and will do all it can to ensure that all such allegations are dealt with sensitively and fairly.

During 2012 the Cabinet Office introduced three equality objectives in line with the requirement of the Public Sector Equality Duty. Equality data about the workforce population can be found on the Cabinet Office website, together with updates on progress, at:
www.cabinetoffice.gov.uk/content/public-sector-equality-duty

The employment, training and advancement of disabled persons

The Cabinet Office supports the employment, training and advancement of disabled persons. This is done in several ways. Firstly, the Cabinet Office takes part in the 'Two Ticks' scheme that encourages candidates with a disability to apply. If a candidate declares a disability and meets the minimum standards required for the job, they are offered an interview.

The Cabinet Office uses management information to monitor how the policies and procedures affect staff, and takes necessary action to mitigate any negative effects that may occur. The Cabinet Office is also a corporate member of the Business Disability Forum, which helps to measure and improve on performance for disabled employees and stakeholders.

Reporting of personal data related incidents

The table below gives a summary of protected personal data related incidents reported to the Information Commissioner's Office in 2012-13.

<table>
<tr><th colspan="5">Summary of protected personal data related incidents in 2012-13</th></tr>
<tr><th>Date of incident</th><th>Nature of incident</th><th>Nature of data involved</th><th>Number of people potentially affected</th><th>Notification steps</th></tr>
<tr><td>October 2012</td><td>Loss of personal information:

A forced-entry burglary at the home of an Honours Committee member resulted in the theft of various items, including papers giving the names and citations of some people who had been nominated for an honour in the forthcoming New Year's Honours List.</td><td>Honours citations</td><td>375</td><td>The local police force was informed of the burglary.

Agreed internal notification and briefing arrangements were instigated.

Relevant stakeholders were notified of the loss.

The ICO was also informed.</td></tr>
<tr><td>Further action on information risk</td><td colspan="4">As a result of this incident:

The policy requiring committee members to leave papers with the Honours and Appointments Secretariat after each Committee meeting has been formalised.

Updated and expanded formal guidance on appropriate data handling and storage requirements and the Department's associated policies and procedures has been re-issued to all Committee members.

All new Committee members must undertake compulsory induction with the Cabinet Office, part of which will cover data handling and security policies and procedures.</td></tr>
</table>

Pensions

Present and past employees of the Cabinet Office are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The scheme allows everyone to make pension provision for retirement if they wish. Information on Civil Service pension scheme options is available on the Civil Service website at: www.civilservice.gov.uk/pensions.

The financial status of the scheme is reported in a separate PCSPS financial statement, published on the Civil Service website. The accounting policy adopted for pension costs is set out at Note 1.12 to the Accounts. Details of senior management pension entitlements are set out in the Remuneration Report.

Better regulation

Working in partnership with the Better Regulation Executive (BRE) in the Department for Business, Innovation and Skills (BIS), the Cabinet Office runs the cross-Whitehall Red Tape Challenge programme. Reducing the burden of regulation on business is essential to economic growth, and reducing unnecessary regulation can save taxpayers money by making public bodies more efficient. The goal of the Red Tape Challenge is to reduce (by scrapping) and reform (by improving and/or simplifying) the existing stock of regulations on the UK statute book.

The Cabinet Office provides and manages the Red Tape Challenge website (launched in April 2011) that drives the programme by asking organisations and the public for ideas and comments on what regulations should be kept, amended or scrapped. Significant reforms implemented during 2012-13 include:

- increasing the qualifying period for unfair dismissal to two years, saving business £4.7 million per year (April 2012)
- new guidance on contaminated land, to save business around £140 million per year (April 2012)
- simplifying the regulation of early education and childcare, saving providers approximately £10 million per year (September 2012)
- the deregulation of many live music performances and the scrapping of regulations dictating location and design of No Smoking signs (October 2012)
- major simplification of the registration and payment system for company charges, saving businesses more than £21 million (April 2013)
- reducing the minimum consultation required for large-scale redundancies from 90 days to 45 days, giving employers greater flexibility to restructure but ensuring that meaningful consultation with staff takes place (April 2013)

- deregulatory changes to building regulations as part of a wider package that will save business in total more than £50 million per year, while ensuring that buildings remain safe and sustainable (April 2013)

- the launch of the Government's 'Taking on an employee' toolkit, bringing together in one place clear guidance and resources to help employers (April 2013).

In May 2013, government also removed hundreds of thousands of low-risk businesses from unnecessary health and safety regulations with the publication of a new National Local Authority Enforcement Code.

Many further reforms are in train. As of April 2013, ministers have announced decisions on almost 3,400 regulations that have undergone the Red Tape Challenge so far, of which over 50% will be scrapped or reformed.

Under the Government's deregulation agenda, policy-makers are encouraged to consider alternative ways of bringing about change. Instead of regulation, information and education can help consumers and businesses to make informed decisions. A good example of an alternative to regulation is *Business Continuity for Dummies*, an essential survival guide for small and medium-sized enterprises (SMEs) published by the Civil Contingencies Secretariat in Cabinet Office in partnership with the Business Continuity Institute and the Emergency Planning Society,. The guide provides simple, and inexpensive, 'how to' measures to deal with difficulties ranging from being let down by a key supplier through to major disruptions caused by flooding, severe weather or a pandemic influenza outbreak. The guide acknowledges that smaller businesses do not have the money, time or resources to prepare for disruptions, yet the cost of dealing with them when they do arise can be significant.

It is government policy not to introduce new domestic regulation with a net cost to business or civil society organisations unless other regulatory costs have been removed by scrapping unnecessary regulation.

On 1 January 2013, the 'one-in, one-out' rule became the 'one-in, two-out' rule. This rule covers any new primary or secondary UK legislation that imposes an annual net cost on business. For any net cost imposed on business ('ins'), two existing regulations amounting to twice the equivalent value must be identified and recast or repealed ('outs').

During 2012-13, BIS published the fourth and fifth one-in, one-out Statements of New Regulation (SNRs) on the GOV.UK website at: https://www.gov.uk/government/policies/reducing-the-impact-of-regulation-on-business/supporting-pages/operating-a-one-in-two-out-rule-for-business-regulation

New Cabinet Office regulation is also published on the GOV.UK website at: https://www.gov.uk/government/publications/statement-of-new-regulation

Under the one-in, one-out commitment, the Cabinet Office has introduced no regulation with a net cost to business, but in December 2012 introduced one measure having zero net cost, which was included in the fourth one-in, one-out SNR:

- Charities Act 2011 – Charitable Incorporated Organisations – To make it easier to set up and run a charity with the benefits of incorporation by implementing a permissive legal framework.

The table below provides a summary of Cabinet Office regulation within the scope of the one-in, one-out rule so far.

Cabinet Office measures according to the 'one-in, one-out' rule

Volume of measures				Cost of measures		
In	**Zero net cost**	**Out**	**Total**	**In**	**Out**	**Total/net**
SNR 1+2+3 (Jan–June 2011, July–Dec 2011 and Jan–June 2012)						
0	1	0	1	£0.00	£0.00	£0.00
SNR 4+5 (July–December 2012 and January–June 2013)						
0	1	0	1	£0.00	£0.00	£0.00
Cumulative (SNR1 + SNR2 + SNR3 +SNR4 + SNR5)						
0	2	0	2	£0.00	£0.00	£0.00

Note: Statement of New Regulation (SNR) 1+2+3 (Jan–June 2011, July–Dec 2011 and Jan–June 2012)

The Regulatory Policy Committee (RPC) provides an external and independent challenge to the evidence and analysis presented in Impact Assessments (IAs) supporting the development of new regulatory measures proposed by the Government.

In June 2012 the BRE introduced a fast track system designed to speed up the implementation of deregulatory measures and focus scrutiny on measures with the biggest impact on business. For those measures qualifying for fast track, an RPC opinion on IAs is not required before seeking clearance from the Reducing Regulation sub-Committee. Also, departments have greater discretion over what level of appraisal should be conducted.

Red Tape Challenge measures automatically qualify for the fast track. Other deregulatory or low-cost regulatory measures can also apply for the fast track. A measure is low cost if its gross cost to business in any year is less than £1 million. To access the fast track, a Regulatory Triage Assessment (RTA) is completed and submitted to the RPC for confirmation.

The Cabinet Office submitted one RTA and one equivalent annual net cost to business (EANCB) validation IA, both of which were approved by RPC in 2012-13. The measure and result is shown in the table below.

RPC rating of Cabinet Office RTAs and validation IAs 2012-13

Title of measure	RTA	Validation IA
Charities Act 2011 – Charitable Incorporated Organisations – To make it easier to set up and run a charity with the benefits of incorporation by implementing a permissive legal framework	Approved	Approved

In July 2012 the overall responsibility for consultation policy transferred from the BRE to the Cabinet Office's Economic and Domestic Affairs Secretariat. The BRE Code of Practice on Consultation was withdrawn and replaced by a set of Consultation Principles; the Principles are designed to be flexible and proportionate and do away with the rigidity of the old Code of Practice.

During 2012-13, the Cabinet Office published one consultation in its own right and also collaborated with HM Treasury and HM Revenue and Customs on another consultation:

- Improving the transparency and accountability of government and its services – Open Government Partnership UK

- Payroll Giving: improve the scheme and increase overall donations to charity – Cabinet Office, HM Treasury and HM Revenue and Customs.

All Cabinet Office consultations are available on GOV.UK.

Transparency

In June 2012 the Cabinet Office published its first Open Data Strategy, setting out the context and background to our approach; outlining the types of data we hold as a department and how we intend to treat it in line with our drive to greater transparency.

Key information published as open data for the first time in 2012-13 included details of grants made to 74 organisations across England in 2012 under the Transforming Local Infrastructure Programme – a key commitment in the Open Data White Paper. We also published membership of Cabinet Committees and sub-Committees and their terms of reference, opening up the way government works. We have agreed additional ministerial information to be released as open data for the first time next year. The Cabinet Office was also one of the first departments in government to publish all the underlying data from its Annual Report and Accounts for 2011-12.

We published a quantity of information over and above the commitments made in the Open Data Strategy, notably information about government's programme of public bodies reform, including a list of those that have been closed, and a directory of NDPBs: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/79258/public-bodies-2012_1.pdf and http://data.gov.uk/dataset/public-bodies-2012

We are changing the culture to embed transparency as business as usual in the Department. An example is the Government Innovation Group, which has been developing a new approach, embedding transparency in its cross-office business policies and systems to support open and innovative policy delivery.

Sustainable development

Overview

The Cabinet Office strives to embed sustainable development in all of its operations and activities. The Department is working to reduce its energy consumption and associated carbon emissions and costs as well as mitigating its wider environmental impacts with the aim of becoming an exemplar in this field. The important work on protecting national security and improving social mobility undertaken by the Department continues to contribute to a secure and sustainable future for all.

The Cabinet Office received certification from the Carbon Trust in recognition of its work in driving cost efficiencies and cutting carbon emissions. Many of the energy reduction projects implemented during this time are continuing to yield savings, helping the Department towards its carbon reduction targets announced under the Greening Government Commitments. The Department continues to drive down its waste arisings and is working in partnership with the Department for Environment, Food and Rural Affairs (Defra) and WRAP, the Waste Resources & Action Programme, to make further savings in this area. As well as these measures, the Cabinet Office is also working to mainstream sustainability consideration into its wider policy- and decision-making.

This work is further supported by Big Society Capital (BSC), the world's first ever social investment institution of its kind. BSC was established by the Cabinet Office and launched as an independent organisation in April 2012. BSC's aim is to grow the social investment market. It invests in bodies that provide finance and other support to social sector organisations – making it easier for social entrepreneurs to access the capital they need and become sustainable. BSC will have up to £600 million in capital to invest: £400 million from England's share of unclaimed assets and £200 million invested by four large retail banks.

One year into operation, BSC has just published its first annual report, available at: www.bigsocietycapital.com/sites/default/files/pdf/BSC_AR_2012.pdf

More than £56 million in investment has been committed so far, to a wide range of organisations. Take a look at the video which shows some of the front-line initiatives that have benefited as a result of BSC at: https://www.gov.uk/government/news/big-society-capital-one-year-on

The Implementation Unit in the Cabinet Office has supported Defra to embed sustainable development into the departmental business planning process, a key step in delivering the Government's commitment to mainstreaming sustainable development. Sustainable development is now included within the guidance for departmental business plans as a mandatory component for all plans.

The Cabinet Office leads on the cross-government transparency agenda. Transparency is not just about access to data. People need to be able to use that data, share it, and combine it with other data to use it in their own applications. Used in this way, open data can create value by providing an opportunity for businesses to take the data and produce goods and services from it.

The Cabinet Office sits on the cross-government Sustainable Development Practitioners' Forum and the mainstreaming Sustainable Development Group, both chaired by Defra.

Wider work

The Cabinet Office is working on a number of key programmes which will also have a significant contribution to make towards mainstreaming sustainability. These workstreams include:

- growing the social investment market – the strategy is available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/61185/404970_SocialInvestmentMarket_acc.pdf and the latest progress report at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/61186/Growing_the_social_investment_market_progress_update_V2.pdf

- making it easier to run charities and voluntary groups – more information is available at: https://www.gov.uk/government/policies/making-it-easier-to-set-up-and-run-a-charity-social-enterprise-or-voluntary-organisation The Department is also working on improving the way such organisations work with the state – the latest progress report is available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/61390/9164-TSO-HMG-Make-it-easier-Charity-Progress_ACCESSIBLE.PDF

- leading on the transparency agenda, including regularly publishing progress reports showing performance across government against the key performance areas. These reports are available at: https://www.gov.uk/government/publications/procurement-and-contracting-transparency-progress-reports-archive

- making public services digital by default to improve their accessibility and openness, primarily through the launch of the GOV.UK website.

Social and environmental impacts

The Cabinet Office is currently looking at options for assessing and managing social and environmental impacts and opportunities in its policy development and decision-making. The Department has a number of levers at its disposal to help ensure that this is happening domestically and across government as a whole. These include:

- the Department's role in delivering the Government's priorities for Civil Service reform in line with the recently published plan, available at: www.civilservice.gov.uk/wp-content/uploads/2012/06/Civil-Service-Reform-Plan-acc-final.pdf

- the inclusion of relevant information in the transparency reporting undertaken by departments.

The Cabinet Office makes use of both the HM Treasury Green Book and the Regulatory Impact Assessment toolkit in its policy, programme and project development processes. Both of these documents contain detailed information on how to assess and mitigate negative outcomes which impact on sustainability. Wherever relevant, the Cabinet Office makes use of Defra's national rural proofing guidance which can be found at: https://www.gov.uk/rural-proofing-guidance to ensure that the needs and interests of rural people, communities and businesses are properly considered in the development and implementation of all policies and programmes. The Cabinet Office will be working over the coming year to further identify opportunities to build on existing processes to ensure that sustainability is being factored into its policy, programme and project management activities.

Delivery of the Greening Government Commitments

Over the past 12 months we have seen the completion of a number of key projects that will help to achieve this goal and deliver significant improvement in the Department's performance against the majority of the Greening Government Commitments. Looking ahead, the Cabinet Office will be continuing its programme of estate rationalisation as well as investing to improve the efficiency of those buildings it will retain on its estate portfolio.

The Department has been successful in driving down its carbon footprint: this has reduced by 25% from its 2009-10 baseline through a combination of improved housekeeping, investment in energy reduction measures and the implementation of an ambitious and extensive estate rationalisation and efficiency project. As the Department continues to drive forward with these measures, we anticipate seeing our performance continue to improve over the lifetime of the project. The Cabinet Office now also has good-quality management information systems in place, allowing it to report accurately for the first time on the number of domestic flights undertaken by its staff.

The Department's annual waste arisings continue to fall and are now 44% below 2009-10. This has primarily come about as a result of better streaming and waste separation at the processing plant. The

Department has signed up to the 'Closed Loop' paper contract along with other contractual arrangements, thereby potentially yielding further environmental benefits.

The Cabinet Office has made a reduction in its water consumption of 13% against the 2009-10 baseline. These savings have arisen primarily as a result of the Department's estate rationalisation programme. The Cabinet Office has a headline consumption per full-time equivalent (FTE) member of staff of 13.9m^3. This is significantly higher than is desirable and the organisation will work towards driving this down at both departmental and building level.

Sustainable procurement

The Cabinet Office continues to work to deliver the aspiration that 25% of contracts by value should be awarded to SMEs. In the period to December 2012, the proportion of the Department's procurement expenditure with SMEs was 26.2% against the target of 15%. This includes spend both directly with SME prime contractors and indirectly, including indicative spend through government strategic suppliers and through larger contractors' supply chains. In order to further support this endeavour, the Cabinet Office, including its agency Government Procurement Service, has delivered the following:

- deployment of easy-to-use Government eMarketplace for SMEs to bid for sub-£100,000 contracts
- two product surgeries on case management and web design
- the 'G Cloud' procurement framework, which has 260 suppliers, over 50% of which are SMEs
- 42% of supply chain spend of the central office supplies contracts placed with SMEs
- breaking the central travel contract into two lots and awarding a UK-based SME the domestic lot
- publication of the procurement pipeline
- introduction of standard terms and conditions
- a supplier day for a catering/commercial refrigeration contract.

The Cabinet Office has been engaging with its key catering suppliers to encourage the procurement of food which meets British production standards. Approximately 75% of all food supplied on the Department's central London contract was produced to Farm Assured Standard or equivalent standard; 85% of fish supplied was from sustainable sources certified by bodies such as the Marine Stewardship Council and all of the Department's meat, poultry and milk comes from UK producers.

The Department's catering supplier seeks to promote healthy lifestyle choices. Wherever possible it seeks to eliminate, reduce or use a minimal quantity of salt, oils, fats and sugar in cooking processes.

Healthy option choices are provided within the standard daily menus, along with a diverse salad and deli bar.

People

Staff from the Cabinet Office's Estates team and the Department's primary facilities management (FM) contractor attended a two-day bespoke training course covering sustainability in the FM sector. The content of the course was tailored to the refurbishment sector in historic buildings. The course helped the attendees to develop a broader understanding of sustainability matters. The training helped to review the projects delivered so far, and to identify what can be done differently in future and metrics to be taken into account for assessing the sustainability of projects.

The Cabinet Office has a network of Green Champions to promote sustainability issues within the Department and on its estate. The membership of the network is made up of staff from the Department and tenants working on the Cabinet Office estate. They work to improve the sustainability of the Department by improving staff awareness of sustainability issues and encouraging staff to take responsibility to reduce their environmental impact. The Green Champions act as a forum to develop constructive ideas to improve all aspects of the Cabinet Office's operations, from the way in which its estate is managed through to its corporate policies and processes.

The Civil Service has a long tradition of supporting staff to volunteer, with many civil servants giving their time to support a variety of charities and community groups. The Cabinet Office recently launched its first ever Charity of the Year Partnership with the British Heart Foundation. The Department offers up to five days' special leave for each member of staff to undertake volunteering. Staff can organise their own volunteering activity or visit www.do-it.org.uk for ideas and information about volunteering.

Biodiversity

The Cabinet Office operates a mainly office-based estate and as such has not had to undertake any major work on biodiversity. However, in future the Department will work to ensure that biodiversity considerations are made whenever relevant. These considerations have been embedded in the Department's revised environmental policy.

Sustainable construction

The Cabinet Office seeks to apply the Building Research Establishment Environmental Assessment Method (BREEAM) on all relevant refurbishment projects. The Department has completed one such project in the last financial year for which it received a BREEAM rating of 'Very good'. A further ongoing refurbishment at another of its buildings has also received a BREEAM in-use rating of 'Very good'. The Cabinet Office will work to ensure that this good performance continues by embedding the standards in all relevant projects. The Cabinet Office endeavours to recycle all construction waste where possible and this is monitored as part of the regular ISO14001 audits conducted by the Department to ensure its continuing compliance with this standard.

Adapting to climate change

The risks posed by climate change are too great to ignore. It is essential that policies and future plans have considered these potential impacts from their inception. The Cabinet Office has an important role to play in ensuring national adaptation to the risks and opportunities presented by climate change. To this end, the Department has taken a number of steps to ensure that these considerations are reflected in its relevant planning, policies and strategies. For example:

- Climate change has been identified as a key threat in the national Risk Register of Civil Emergencies, available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/61929/CO_NationalRiskRegister_2012_acc.pdf
- The security implications of climate change have been embedded in the National Security Strategy, available at: www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_191639.pdf?CID=PDF&PLA=furl&CRE=nationalsecuritystrategy
- The Cabinet works closely with Defra on the National Adaptation Programme, details of which are available at: www.defra.gov.uk/environment/climate/government/nap/

Cabinet Office sustainability performance 2012-13 data tables

Performance against the Greening Government Commitments

Reduce greenhouse gas emissions by 25% from a 2009-10 baseline from the whole estate and domestic business-related transport.

Baseline emissions (tonnes of CO_2e)	2012-13 emissions (tonnes of CO_2e)	% change
11,832	8,588	-27%

Cut domestic business travel flights by 20% by 2015 from a 2009-10 baseline.

Baseline flights	2012-13 flights	% change
Data unavailable	2,306	N/A

Reduce the amount of waste we generate by 25% from a 2009-10 baseline.

Baseline waste arisings (tonnes)	2012-13 waste arisings (tonnes)	% change
1,222	688	-44%

Cut our paper use by 10% in 2011-12 from a 2009-10 baseline.

Baseline paper usage (reams of A4e)	2012-13 paper usage (reams of A4e)	% change
56,396	26,308	-53%

Reduce water consumption from a 2009-10 baseline.

Baseline water consumption (m3)	2012-13 water consumption (m3)	% change
51,374	44,761	-13%

Report on % offices meeting best/good/poor practice water use benchmarks.

Benchmark	Poor (≥6 m3 per FTE)	Good (4m3 to 6m3 per FTE)	Best (≤4m3 per FTE)
% of offices	75%	11%	7%

Carbon and energy

Utility	2012-13			2011-12		
	Consumption (kWh)	Emissions (tonnes of CO2e)	Expenditure (£k)	Consumption (kWh)	Emissions (tonnes of CO2e)	Expenditure (£k)
Gas	4,136,459	759	148	3,529,905	648	128
Electricity	12,130,313	6,364	840	13,657,633	7,165	1,286
Whitehall District Heating System	4,070,368	987	584	2,749,556	667	638

Travel

Category	2012-13			2011-12		
	Mileage	Emissions (tonnes of CO2e)	Expenditure (£k)	Mileage	Emissions (tonnes of CO2e)	Expenditure (£k)
Air travel – domestic	493,685	143	249	283,806	82	63
Air travel – short haul	618,668	196	202	354,314	61	125
Air travel – long haul	3,082,116	1,119	984	2,628,628	567	788
UK rail travel	3,194,782	290	1,263	2,593,254	236	683
Taxi travel	51,179	12	102	43,263	11	N/K
Hire car	47,323	16	23	55,736	19	N/K
Operational vehicles	54,783	17	-	82,283	26	N/K

Greenhouse gas emissions summary

Scope	Emissions (tonnes of CO2e)
Scope 1	776
Scope 2	7,351
Scope 3	1,776

Carbon Reduction Commitment data

CERs purchased	CERs surrendered	CER balance
154,428	77,004	77,424

Waste

Category	Arisings (tonnes)	Percentage of total arisings	Disposal cost
Landfill	17	2%	Not available
Recycled	410	60%	Not available
Energy from waste	261	38%	Not available
TOTAL	**688**	**100%**	**Not available**

Water consumption

Total consumption (m^3)	Consumption (m^3)/ FTE	Total expenditure (£k)
44,761	13.9	68

Paper consumption

Paper size	Units purchased (reams)
A3	594
A4	25,120
Total A4 equivalent	**26,308**

Notes:

Carbon emissions from both long and short haul international flights include a radiative forcing uplift factor

CERs are certified emission reduction units

A more detailed report on the Cabinet Office's activities under the Carbon Reduction Commitment is available in Note 12 to the Accounts on Intangible Assets

The Cabinet Office's carbon offsetting activities are undertaken retrospectively so data is not currently available for 2012-13

Health and safety

The Cabinet Office accepts its responsibilities under the provisions of the Health and Safety at Work etc. Act 1974 and all other associated legislation. The Department undertakes, so far as is reasonably practicable, to meet its legal obligations regarding the health, safety and welfare of its staff and others who may be affected by the Department's activities.

In the financial year 2012-13, 17 accidents were reported by staff, of which 2 were reported to the Health and Safety Executive as required under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995.

Estate management strategy

The Cabinet Office owns five freehold properties in London: the inter-connected 70 Whitehall and 10-12 Downing Street, Admiralty Arch, Admiralty House and 36 Whitehall. In addition the Cabinet Office is responsible for the freehold of the Civil Service Club building in Great Scotland Yard. Outside London the

Cabinet Office owns the freehold of the Emergency Planning College at Easingwold, Yorkshire and of the site on which the Hannington Radio Mast sits. Both of these were inherited from the Home Office on earlier machinery of government changes. The Cabinet Office is also responsible for the Sunningdale Park site, which is subject to a Private Finance Initiative contract. The site was previously occupied by the National School of Government, which ceased to operate on 31 March 2012.

The Cabinet Office takes a proactive approach to the management of its estate in order to provide the necessary accommodation to meet current and future business needs. The strategy is to consolidate as far as possible into the inter-connected 70 Whitehall and 10-12 Downing Street (by investing where possible to increase their capacity and provide modernised, more flexible accommodation) and co-locating with HM Treasury at 1 Horse Guards Road. Leasehold properties will be disposed of and the Cabinet Office is working with the Government Property Unit to achieve the re-use of the non-core freehold buildings that will no longer be required by the Cabinet Office. As part of this strategy, during 2012-13 an agreement to lease Admiralty Arch was concluded which is expected to see the building restored for use as a hotel. 36 Whitehall was also vacated during 2012-13, and following open planning and modernisation of the infrastructure this building will be re-used by the Government as office space. Admiralty Arch and parts of the Sunningdale Park site are now categorised as investment properties, since both are no longer owner-occupied and are being held for capital appreciation; see Note 11 to the Accounts. In addition, office buildings at 22-26 Whitehall were transferred to the Department for International Development on 1 September 2012 at fair value and for £Nil consideration; see Note 17 to the Accounts.

Policy on social and community issues

Internally as part of its corporate social responsibility agenda, the Cabinet Office actively promotes the awareness of social and community issues and is committed to promoting inclusion and equality through its human resource and other policies. A major contributor to this is the encouragement of volunteering, whether individual or in groups, including providing special leave for this purpose. Information is made easily available through the Cabinet Office intranet.

Health and well-being is also embedded within the Cabinet Office People Strategy. A fitness centre is available in some buildings and it is hoped that there will also be opportunities to attend well-being seminars as part of an annual 'Better Cabinet Office' event later in the year.

Externally, the Cabinet Office includes the Office for Civil Society (OCS), which works across government to translate the vision for a Big Society into practical policies, provides support to voluntary and community sector organisations, and is responsible for delivering a number of key Big Society programmes as well as the Civil Society Compact. Many programmes within OCS play a hugely important role in encouraging social action. These include the Centre for Social Action, the Government's commitment to the volunteering legacy of the London 2012 Olympic and Paralympic Games, and the Community Organisers programme, to name just a few.

OCS is leading on work to change the Civil Service into a 'civic service'. This project aims to provide civil servants with opportunities to use their skills to support civil society organisations and to utilise social action as a means of learning and professional development for civil servants. This ambition to work more closely with the civil society sector was set out in the Civil Service Reform Plan and the Cabinet Office is working with other departments to help implement this.

In line with the commitment to develop a greater 'civic service', the Cabinet Office developed a Charity of the Year Partnership programme with the aim of working with a national charity to offer the professional skills and volunteering time of staff. The first Partnership was launched in summer 2012 with the British Heart Foundation (BHF) and has involved specialist gateway reviews, skills-sharing sessions and fundraising activities. Run by civil servants from across the Department, the Partnership has surpassed its £10,000 fundraising target, enabled staff from a range of different grades to develop their professional skills, and had a positive impact on BHF through skills sharing and recommendations to improve business efficiency. The success of this Partnership has created a framework in which the Cabinet Office and wider departments can engage with, and contribute to, the voluntary and community sector.

Policy on payment of suppliers

Terms of contract are usually payment within 30 days of receipt of a valid invoice. During the year the Department paid 99.0 per cent of invoices within 30 days (2011-12: 99.5 per cent).

On 8 October 2008 the then Prime Minister committed Government organisations to speeding up the payments process, paying suppliers wherever possible within 10 days. This commitment is a target rather than a change to standard terms and conditions and is not contractual. During the year the Cabinet Office paid 94.5 per cent of invoices within 10 days (2011-12: 96.2 per cent).

On 1 May 2010 the then Prime Minister further committed Government organisations to speed up the payments process paying suppliers wherever possible within 5 days. This is a target rather than a change to the standard terms and conditions and is not contractual. During the year the Cabinet Office paid 79.0 per cent of invoices within 5 days (2011-12: 74 per cent).

The amount owed to trade creditors at the year-end, compared with the amount invoiced by suppliers during the year, expressed as number of days, was 54 days (2011-12: 8 days). The significant variance in which is expressed as number of days is due to £18.35 million, mainly made up of invoices for Next Generation HR and Corporate Services ICT costs which were received and unpaid at the end of March. The Department has paid a sum of £120,914 related to late payment of invoices for the year ended 31 March 2013 (2011-12: £Nil).

Complaints handling

The Efficiency and Reform Group (ERG) Service Desk is the front-line communication portal between stakeholders, members of the public and the rest of ERG within the Cabinet Office. The Service Desk handles thousands of enquiries every year ranging from queries on procurement policy to organising internal events. The Service Desk is also the recommended first-line channel for all complaints procedures within the Cabinet Office.

The ERG Service Desk handled a total of 30 unique complaints between 1 April 2012 and 31 March 2013. As the Cabinet Office sits at the centre of the Government, we often receive public enquiries and complaints relating to other departments, Also, sometimes members of the public use alternative communication channels to raise complaints (e.g. the Number 10 website, their local MP, individual departments etc.) and it is not always possible to register each one of these on our database, so they are therefore not included in the number above.

Definitions of each stage and a breakdown of which stage the complaint was resolved at can be found below.

Stages of the complaints procedure

Stage 1

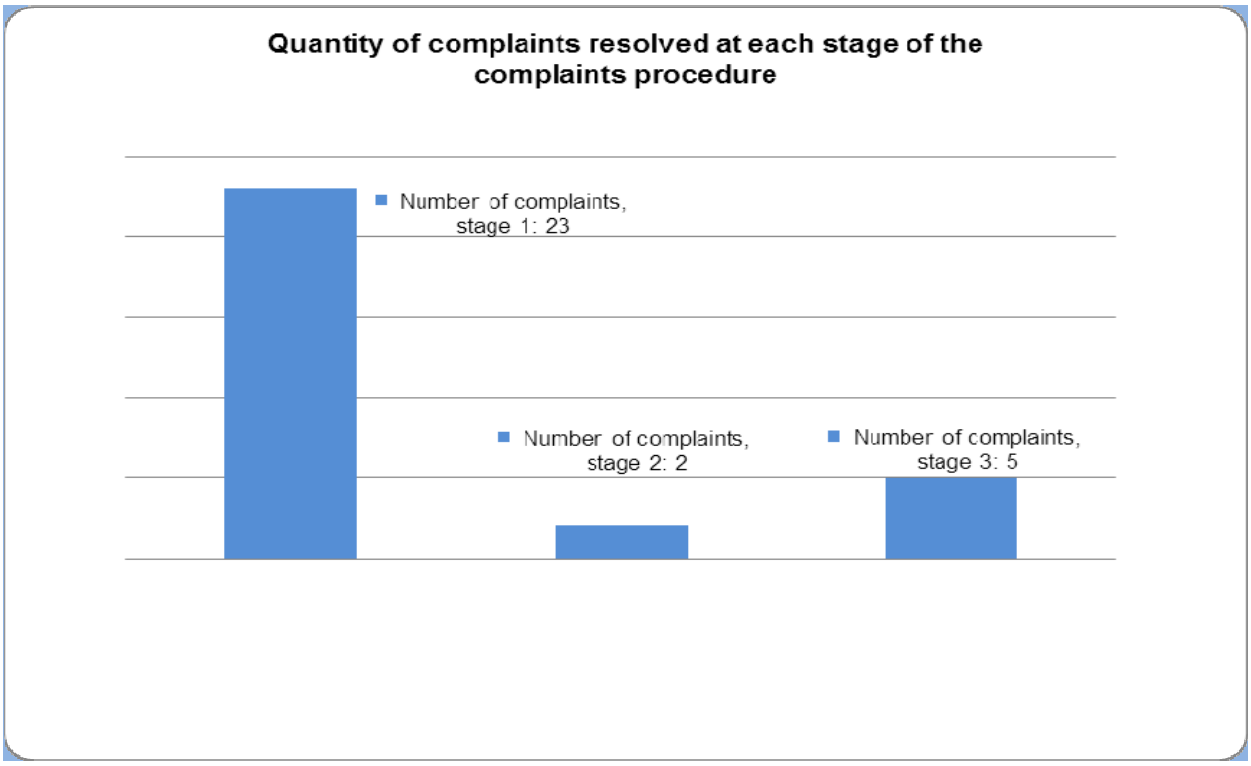
The complaint is received by the ERG Service Desk. This is the first opportunity for the Department to resolve a complainant's dissatisfaction, and the majority of complaints will be resolved at this stage. On receipt of the complaint, the Cabinet Office will contact the relevant team, in order for them to draft a formal response. The Cabinet Office aims to respond to the customer within 20 working days. If the customer is dissatisfied with this response, they may request a response by the director of the relevant team or unit. At this stage the complaint is escalated to stage 2.

Stage 2

The request should be sent to the ERG Service Desk at the address given below and will be forwarded to the director of the relevant team or unit to draft a formal response. The ERG Service Desk will send this to the customer on behalf of the team within 20 working days.

Stage 3

If the customer is still dissatisfied with the response, the complaint is recorded at stage 3. The ERG Service Desk will then refer the customer to the Parliamentary Ombudsman for independent adjudication.



Complaints from the Parliamentary and Health Service Ombudsman

The role of the Parliamentary and Health Service Ombudsman is to consider and investigate complaints against a wide range of government departments and other public bodies, or the actions of organisations acting on their behalf. In response to a recommendation from the Public Administration Select Committee, departments are required to publish information complaints in their Annual Reports and Accounts.

The latest available information is from 2011-12. In that year, 17 complaints were accepted for investigation but none of these complaints was upheld or required further intervention by the Parliamentary Ombudsman.

Correspondence

With Members of Parliament and Peers

The target set for reply is 15 working days. Between 1 April 2012 and 31 March 2013 the Cabinet Office received 3,681 letters from MPs and Peers, and replied to 77% within 15 days.

Parliamentary Questions

The Government has committed to providing departmental Parliamentary Question statistics to the Procedure Committee of the House of Commons on a sessional basis. Cabinet Office statistics for the 2012-13 session are being made available on the Committee's website at: www.parliament.uk/business/committees/committees-a-z/commons-select/procedure-committee/

Freedom of Information requests

Statistics on Freedom of Information implementation in central government are published quarterly by the Ministry of Justice at: https://www.gov.uk/government/organisations/ministry-of-justice/series/government-foi-statistics

The Cabinet Office has kept up its improved performance, responding to 93% of requests on time.

Publicity and advertising

The Cabinet Office spent approximately £7 million on publicity production costs and advertising media in the financial year 2012-13.

2012-13 Spending Summary

	Actual
(A) Spend by budget type	
(A1) DEL	£409.97m
(A2) AME	£-35.48m
(A3) Other expenditure outside DEL and AME	£0.00m
(A1+A2+A3) Total spend	**£374.50m**
(B) Spend by type of internal operation	
(B1) Cost of running the estate	£35.30m
(B2) Cost of running IT	£16.15m
(B3) Cost of corporate services	£6.48m
(B4) Policy and policy implementation	£316.88m
(B5) Other costs	£-0.31m
(B1+B2+B3+B4+B5) Total spend	**£374.50m**
(C) Spend by type of transaction	
(C1) Procurement costs	£167.56m
(C2) People costs	£124.32m
(C3) Grants	£113.25m
(C4) Other costs	£-30.63m
(C1+C2+C3+C4) Total spend	**£374.50m**

Note:

A1 – See Note 2.1 and 2.2 to the Accounts; Depreciation has been removed.

A2 – See Note 2.1 to the Accounts

DEL and AME – Departmental Expenditure Limit and Annually Managed Expenditure

B1: Accommodation costs – Please see Note 7 to the Accounts, Other administration costs and Note 8, Programme costs. The figure includes accommodation, lease surrender and business rates

B2: IT costs – Please see Note 8 to the Accounts, Other administration costs and Note 9, Programme costs (IT costs)

B3: Cost of corporate services – excluding estate and IT costs

Other costs – Please see Note 3.1 to the Accounts, Net resource outturn (Corporate Service Group). The following categories have been deducted from the final figure:

B5 – Is a balancing figure reflecting spend and income throughout the year

C2 – The figure includes paybill and non-paybill costs

C3 – See note 8 to the Account

C4 – The negative figure illustrates income

The figures in the table are the same as in the Public Expenditure data tables 1, 3 and 4

MANAGEMENT COMMENTARY - FINANCIAL REVIEW

This section explains the framework for managing public money and reviews financial performance and includes the following content:

- Overview
- Year on Year Comparison 2012-13 to 2011-12
- Performance against Parliamentary Control Totals compares 2012-13 outturn against budget
- Public Expenditure Data 2006-07 to 2014-15 comments upon outturn data and spending plans

OVERVIEW

CABINET OFFICE CORE BUSINESS

The Cabinet Office sits at the centre of government and, with the Treasury, provides the government's co-ordination function. The Cabinet Office has an overarching purpose of making government work better and more efficiently. The Cabinet Office's core business consists of three main areas of expenditure:

- supporting the Prime Minister and Deputy Prime Minister
- supporting the Cabinet
- strengthening the Civil Service.

MANAGING PUBLIC MONEY FRAMEWORK

Parliament gives statutory authority for the use of resources and funds through the Supply Estimates in order that the Cabinet Office may meet its expenditure and, in turn, the Department is accountable to Parliament for the use of those resources and funds as reported in its annual accounts. The Cabinet Office, like other government departments, needs to report its financial performance in a number of ways. These are identified below.

Estimate (Estimates Boundary)

The Estimate is a statement presented by HM Treasury to the House of Commons in which the Cabinet Office seeks approval for its estimated spending for the coming financial year. The Estimate summarises both the resources and the cash required for the year, and the Cabinet Office actual outturn against Estimate is reported in the Statement of Parliamentary Supply within the accounts. This is a statement which only applies to central government and has no equivalent statement in IFRS (International Financial Reporting Standards) based accounts.

Accounts (Accounting Boundary)

The accounts are prepared annually and present the financial results of the Cabinet Office. They are prepared in accordance with the 2012-13 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The Consolidated Statement of Comprehensive Net Expenditure, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Taxpayers' Equity have been adapted for central government from their commercial equivalents.

The accounting boundary includes the financial results for the Cabinet Office together with its advisory non-departmental public bodies (ANDPBs) and executive non-departmental public bodies (eNDPBs). Advisory non-departmental public bodies are bodies which the Cabinet Office sponsors and which have links to the Department but whose work does not contribute directly to the achievement of the Department's objectives and whose funding arrangements can be separate. Executive non-departmental public bodies carry out administrative, regulatory and commercial functions. They employ their own staff, are allocated their own budgets, are self-accounting and produce their own accounts.

Further detail regarding the departmental boundary can be found at Note 32 to the accounts.

Budgets (Budgeting Boundary)

Resource budgeting involves using accounting information as the basis for planning and controlling public expenditure. It introduces new concepts such as capital consumption and requires the Cabinet Office to match costs to the period in which the economic activity takes place.

Cabinet Office spending is controlled through the use of Departmental Expenditure Limits (DEL). Within DEL limits resource spending and capital spending are controlled separately. The Cabinet Office manages its in-year spending on this basis. The Cabinet Office's DEL includes the full resource and capital DEL spending of the eNDPBs as opposed to the grant-in-aid provided by the Cabinet Office to finance the activities of eNDPBs.

DEL is spending within the Department's direct control, and can therefore be planned over an extended period. This includes items such as administration payments, payments to third parties including grants to the private sector and to Local Authorities. Impairments score against DEL in cases of loss or damage to assets resulting from normal business operations, abandonment of assets under construction or over-specification of assets. It also includes expenditure incurred by its eNDPB which is funded through Supply Estimates as a grant in aid payment. Capital budget spending is controlled because net investment increases net borrowing and hence the level of debt.

The Department is expected to manage its resource and capital budgets within DEL and a breach will result in an offsetting reduction in DEL for the year, following the year of the breach. A breach on voted DEL will result in an Excess Vote and the Accounting Officer may be invited to appear before the Public Accounts Committee to explain why the breach occurred.

An HM Treasury budgetary control on the resources, AME spending forms part of Total Managed Expenditure (TME) and includes that expenditure which is generally less predictable and controllable than expenditure in DEL. Under the new HM Treasury rules all provisions in budget terms will be classified as Annually Managed Expenditure as well as impairments caused by write downs to open market value, catastrophe and unforeseen obsolescence. The Cabinet Office has made provision to cover the costs of early departures, specific property dilapidations and doubtful debts and has impaired some capital assets.

Administration budgets help drive economy and efficiency and are controlled to ensure that as much money as practicable is available for front-line services and programmes. The administration budget is a control on resources consumed directly by departments and agencies in providing services which are not directly associated with front-line service delivery and the programme budget is a control on the costs of direct front-line service provision or support activities that are directly associated with front-line delivery. The main components of expenditure in administration budgets are employee costs, accommodation, office services, contracted out services, depreciation and consultancy.

Relationship between Estimates and Accounts and Budgets

The difference between the Cabinet Office's Estimate and accounts and budgets arises in the following instances.

Consolidated Fund Standing Services

Budgets include payments from the Consolidated Fund in relation to the salaries and pension costs of the UK Members of the European Parliament (MEPs). These are included in the Estimates but do not form part of the net cash requirement since they are paid directly from the Consolidated Fund as a standing service. The MEP salaries are not included in accounts, since the Cabinet Office does not benefit directly from MEPs' services and cannot re-deploy the funds.

Election expenses are included in budgets and accounts but not in Estimates since they are classified as Consolidated Fund Standing Services which are funded directly from the Consolidated Fund at Treasury and therefore do not form part of Supply net cash requirement.

Capital grant income and expenditure

The department's accounts differ from budgets in respect of capital grants which are classified as resource in Estimates and accounts and yet are classified as capital in budgets to reflect the creation of assets in the wider economy.

Grant in aid to eNDPBs

Grant in aid to eNDPBs is included in the accounts as resource expenditure and in Estimates as part of net cash requirement but is excluded from budgets which instead include the resource and capital expenditure incurred by the eNDPB.

Provisions

New provisions are recognised in the Statement of Comprehensive Net Expenditure and in resource AME budget and the utilisation of provisions is dual reported in budgets as a charge against resource DEL and as a benefit to resource AME.

PFI contracts recorded as service concessions

PFI contracts recorded as service concessions are dual reported; in budgets as an operating lease and in accounts as a finance lease. Further information is set out below under the section on IFRS.

Reconciliation between Estimates, Accounts and Budget

Reconciliations between Estimates, accounts and budgets for both resource and capital are set out at Figure 2 in the section Performance against Parliamentary Control Totals.

International Financial Reporting Standards (IFRS)

With the introduction of International Financial Reporting Standards (IFRS) departmental budgets have diverged from the financial statements in respect of the treatment of service concession arrangements and, as a result, the budgetary framework remains consistent with the framework under which the Office for National Statistics prepares the National Accounts.

The Cabinet Office has a service concession arrangement upon which it is required to dual report for accounts and budgets. For accounts purposes, under IFRS, it is determined that the Department has control of the associated assets and these are held on the Statement of Financial Position. For budget purposes and for the purposes of the National Accounts, it is determined that the risks and rewards of the asset rest with the provider and therefore the assets are held off the Statement of Financial Position. Adjustments are made to net resource outturn and net voted capital to remove assets and related capital charges from budget outturn; see Figure 2.

Key control limits

Parliament exercises control over expenditure by applying limits contained in Supply legislation which are:

- Voted Resource DEL
- Voted Capital DEL
- Voted Resource AME
- Voted Capital AME
- Voted Non-budget Expenditure Limit
- Voted Net Cash Requirement

Although not a voted limit, the department must not breach its Administration Budget nor incur expenditure and income that is not within the Ambit of the Estimate; the Ambit being a description of the purposes of income and expenditure. Additionally, the Cabinet Office must not breach any departmental-specific ring-fenced budget.

YEAR ON YEAR COMPARISON 2012-13 TO 2011-12

This section details the financial performance of the Department in the context of a year-on-year comparison in order to identify the main drivers of change as reflected in the primary financial statements which comprise:

- Statement of Parliamentary Supply
- Consolidated Statement of Comprehensive Net Expenditure
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Taxpayers' Equity.

STATEMENT OF PARLIAMENTARY SUPPLY

This is the accountability statement for Parliamentary reporting purposes. It records the net resource and capital outturn compared to Estimate. It also records the net cash requirement and net administration costs outturn compared to Estimate.

The net resource and capital requirement are voted by Parliament and reflect the maximum amount of expenditure which may be financed from the Estimate.

The net cash requirement limit is voted by Parliament and reflects the maximum amount of cash that can be released from HM Treasury's Consolidated Fund (the government's general bank account at the Bank of England) to a department in order that it may carry out its functions.

The net administration budget is a control on resources consumed directly by departments and agencies in providing services which are not directly associated with front-line service delivery.

The Department's net resource outturn decreased by £86.977 million from £453.924 million in 2011-12 to £366.947 million in 2012-13. Explanations are set out below in the Consolidated Statement of Comprehensive Net Expenditure variance analysis.

The Department's net capital outturn decreased by £2.387 million from £17.441 million in 2011-12 to £15.054 million in 2012-13. Explanations are set out below in the Consolidated Statement of Comprehensive Net Expenditure and Consolidated Statement of Financial Position variance analyses.

Net cash requirement increased by £2.559 million from £438.355 million in 2011-12 to £440.914 million in 2012-13.

Net administration costs increased by £0.292 million from £186.739 million in 2011-12 to £187.031 million in 2012-13. Explanations are set out below in the Consolidated Statement of Comprehensive Net Expenditure.

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

The Consolidated Statement of Comprehensive Net Expenditure is similar to an income and expenditure statement and includes all operating income and expenditure relating to the Department on an accruals accounting basis, including items which sit outside of the Estimate, and components of other comprehensive income. The differences between Comprehensive Net Expenditure (Accounts) and net resource outturn (Estimates) are explained in the section above *Managing Public Money Framework* and are reported at Note 3.1 to the Accounts.

The Department's Net Operating Costs decreased by £58.639 million from £462.507 million in 2011-12 to £403.868 million in 2012-13. The main drivers of this variance are detailed below.

STAFF COSTS

Staff costs decreased by £14.347 million from 2011-12 to 2012-13. Explanations are detailed below in addition to the analysis set out at Note 6 to the accounts.

Staff costs comprise wages and salaries, social security costs, other pension costs, agency/temporary staff costs, termination benefits, inward/outward secondments and staff engaged in capital projects.

Wages and salaries including social security costs and other pension costs increased by £6.957 million from £117.152 million in 2011-12 to £124.109 million in 2012-13. This was mainly within the areas of Communications in Government and Constitution Group.

The increase within Constitution Group is due to the following. The move into the implementation stage of the Individual Electoral registration programme; the aim of which is to change electoral registration in Great Britain for 45 million electors to tackle registration fraud, taking steps to improve the completeness and accuracy of the electoral register, providing greater citizen choice over how and when they register and aims to increase the registration of under-registered groups. The Cities Policy Unit was established in August 2011, therefore the staff costs in 2011-12 relate to a partial financial year. Staff were recruited during the latter half of that year and full headcount was fulfilled in February 2012. The total salary costs in 2012-13 relate to a full financial year with further recruitment in January 2013 due to a team expansion. The general increase in salaries for the Deputy Prime Minister's Office can be attributed to the staffing changes that were agreed to improve the support to the Deputy Prime Minister. For example, between the financial years 2011-12 and 2012-13, various posts were created to support the effectiveness of coalition support.

The increase within Communications in Government is due to the following. With the closure of the Central Office of Information and the transfer of the Shared Communication Service (offering communication services to Government across Whitehall) to the Cabinet Office, there was an increase in staff and their respective costs during 2012-2013.

This variance corresponds with the increase in the average number of persons employed for the operating segments under which these areas appear; Support to the Cabinet, PM and Deputy PM, and Political and Constitutional Reform. See Note 6.

Agency and temporary staff costs increased by £5.285 million from £8.530 million in 2011-12 to £13.815 million in 2012-13. This is mainly due to Public Sector Network programme. The aim of the Public Sector Network (PSN) programme is to create a network of networks providing secure fixed and mobile communications operating to common standards. The PSN strategy will generate a single telecommunications service supporting email, telephony and other services such as video conferencing along with a supporting network. It will take the procurement of network services into the 21st century, by creating a centrally managed standard design to save time and money and enable the easier, yet more secure, sharing of services and information.

Termination benefits decreased by £20.863 million from £21.166 million in 2011-12 to £0.303 million in 2012-13. This is due to the significant reduction in staff departures in 2012-13 compared to the previous year. In 2011-12 the department had a large departure programme due to the closure of the Central Office of Information and the National School of Government. In 2012-13 only a small number of new departures occurred; further details are shown in Note 6.1

Inward secondment staff costs decreased by £2.547 million from £8.256 million in 2011-12 to £5.709 million in 2012-13. This is mainly attributable to a change in the treatment of the staff costs of the Treasury Solicitor's team that provide advice to the Cabinet Office on European Union Legal Issues. This is because the staff within this team are TSOL employees who are managed by TSOL and therefore it is more appropriate for their costs to be classed as Legal Advice.

There is a small increase of £0.448 million in recoveries of outward secondments from £2.077 million in 2011-12 to £2.525 million in 2012-13.

During 2012-13 a number of staff were engaged in capital programmes relating to the work which the Government Digital Service undertook to build the GOV.UK website (which was launched on 17 October); the costs of which were capitalised resulting in a reduction of £2.731 million of the overall staff costs.

The overall decrease of £14.347 million in staff costs was split between administration and programme as detailed below.

There was a decrease of £15.879 million in administration staff costs from £121.803 million in 2011-12 to £105.924 million in 2012-13. This is mainly due to the termination benefits.

There was a slight increase in programme staff costs of £1.532 million from £31.224 million in 2011-12 to £32.756 million in 2012-13. The overall increase was £4.263 million of which £2.731 million was capitalised, resulting in a net increase of £1.532 million. This is largely due to the extra resources which were required in order to deliver GOV.UK. Government Digital Service Businesslink was a government-funded business advice and guidance service in England. It consisted of an online portal managed by HM Revenue and Customs and a national helpline number. The online portal was replaced by the new GOV.UK website on 17 October 2012.

OTHER ADMINISTRATION COSTS

During 2012-13 other administration costs increased by £38.988 million which included an increase of £1.049 million in non-cash items. Other increases were mainly due to rentals under operating leases and goods and services. Explanations are detailed below in addition to the analysis set out at Note 7 to the Accounts.

There was an increase of £4.670 million in rentals under operating leases for land and buildings. This relates to the relocation to 1 Horse Guards Road in June 2012 where the Cabinet Office rents office accommodation from HM Treasury.

In 2012-13 the Cabinet Office paid a sum of £16.350 million relating to 1 Palace Street and 67 Tufton Street. The Cabinet Office assumed responsibility for the lease of 1 Palace Street from the Department for International Development who moved to 22-26 Whitehall which was gifted to them by the Cabinet Office. The lease surrender premium of £13.650 million secured early exit from the lease in December 2013. The lease surrender premium of £2.7 million was paid to exit the lease for 67 Tufton Street in order to realise value for money savings. See note 30.1.

Some of the main variances within the goods and services relate to consultancy, professional services, supplies and services and pension administration fees – MyCSP Limited.

There was a Pension Administration fee of £30.834 million payable to MyCSP Limited. In May 2012 the MyCSP administration function transferred to a mutual joint venture, incorporated as MyCSP Limited. MyCSP Limited is contracted to provide pensions administration services to the Cabinet Office. Participating employers continue to contribute on the same basis from when their contributions were paid directly to the Cabinet Office. The costs to the Cabinet Office of pensions administration not covered by the income from employers were met by income from a charge on Civil Superannuation employer pension contributions.

There was a decrease of £2.941 million in consultancy which was due to a decrease in the consultancy support for My Civil Service Pension (MyCSP) mutualisation, as in May 2012 the MyCSP administration function transferred to a mutual joint venture, incorporated as MyCSP Limited.

There was an increase of £5.446 million in professional services due to the payments relating to Next Generation HR programme - Civil Service HR (CSHR) and Government Property Unit (GPU) Policy and Strategy. Next Generation HR is a key part of the Government's Efficiency and Reform agenda. CSHR involves sharing HR expertise and maximising buying power across the Civil Service in a joined up and effective manner, to deliver a professional and more efficient service: Civil Service Employee Policy - To rationalise and simplify HR policies across the Civil Service; Civil Service Learning - To ensure the supply of high quality, high impact, cost effective generic learning and development that effectively meets the business needs of the Civil Service and central government as a whole; Civil Service Organisational Development and Design - To provide organisational development, design and change consultancy and capability building to ensure a consistent approach across Whitehall with value for money; Civil Service Resourcing - To provide fast stream, talent management, recruitment and other specialist resourcing services to Departments. This was offset by income; see Note 10 to the accounts. In 2011-12 all costs, including professional services, relating to the Government Property Unit were classified as programme when it was brought into the Efficiency Reform Group by way of machinery of government transfer. In 2012-13 this expenditure has been reclassified as administration and as a result, contributed to the increase in professional services costs.

An overall increase of £1.049 million in non-cash items is mainly attributable to impairments of non-current assets in 2012-13 in the amount of £2.891 million which arose though assets reaching the end of their useful life earlier than forecast; structural improvement assets written off on the termination of the operating lease for 67 Tufton Street and downward revaluations of non-property assets for which there was no remaining revaluation reserve balance.

PROGRAMME COSTS

Programme costs year on year decreased by £110.907 million which included an increase of £5.657 million of non-cash items. Other items include a decrease in PFI service charge of £8.862 million, a decrease in goods and services of £27.123 million and a major decrease of £81.346 million in grants and subsidies. Explanations are detailed below in addition to the analysis set out at Notes 8 and 8.1 to the Accounts.

Non-cash

There is an increase of £5.657 million in non-cash expenditure from £9.890 million in 2011-12 to £15.547 million in 2012-13 which is mainly due to two elements. In 2012-13 Cabinet Office incurred capital grant in kind in relation to 22/26 Whitehall which was gifted to the Department for International Development. During the reporting period 22/26 Whitehall was reclassified as assets to be transferred and was valued at £44.145 million. The Minister for the Cabinet Office transferred all its rights and obligations under the freehold and associated agreements for 22/26 Whitehall to The Secretary of State for International Development (DfID). In autumn 2012 this inter-departmental transfer of civil estate property took place at fair value and for £nil consideration. The Cabinet Office issued a capital grant in kind to DfID equal to the fair value of the asset at the point of transfer and the transfer was budget neutral. The fair value of the property at 31 March 2012 was £44.145 million on the assumption that the property was sold as part of the continuing enterprise in occupation with vacant possession. See explanation under Note 17.

During 2012-13 investment properties gains on change in fair value were valued at £32.003 million. The Department has freehold ownership of Admiralty Arch. The property became vacant on 10 August 2012 and was recognised as an investment property from that date. Admiralty Arch is recognised at fair value (2012-13: £60 million), as determined within an agreement between the Department and a prospective buyer. Subject to the granting of planning permission, under the agreement the prospective buyer will lease the property for 99 years under a finance lease. See explanation under Note 11.

During 2011-12 provisions of £6.232 million included dilapidations for three properties; Belgrave Road, Rosebery Court and Hercules House when they became the responsibility of the Cabinet Office through machinery of government transfers. There were no similar provisions made for these properties during 2012-13. See Note 21.2 for further information.

PFI Service Charge

A decrease of £8.862 million is due to a reduction in the costs of IT services across the Cabinet Office. The Cabinet Office's direct PFI contract with Fujitsu ended in June 2012. The flex contract is now managed by HM Treasury and the Cabinet Office is invoiced by HM Treasury for IT services.

Goods and Services

There has been an overall decrease of £27.123 million in programme costs relating goods and services which includes the following main variances.

Consultancy costs decreased by £2.273 million due to reduced consultants on the Public Service Network programme.

There has been an increase of £6.367 million in IT costs due to Government Digital Service projects such as GDS ID Assurance, GDS Business technology, GDS Publishing Platform Technology and GDS Businesslink. Government Digital Service works to achieve a digital culture for the delivery of citizen, business and government focused services. The core purpose is to ensure that the Government offers word-class digital products that meet people's needs.

There is a decrease of £28.075 million in supplies and services due to the following. A reduction in funding for BBC monitoring services; in 2012-13 funding was reduced to £17.476 million from £21.7 million in 2011-12. A significant decrease in cost of sales of £56.022 million relating to the closure of the Central Office of Information during 2011-12 which is offset by income; see Note 9 to the accounts. The National Citizen Service (NCS) is a Government initiative to promote a more cohesive, responsible and engaged society. The programme was set out by the Prime Minister for the Government's aspirations for 2013 and beyond which brings 16 year olds from different backgrounds together in a residential and home-based programme of activity and is delivered through a series of grant agreements with delivery partners. The resource grant of £25.108 million relates to payments made to these delivery partners.

Grants and Subsidies
There was an overall decrease of £81.346 million in grants and subsidies. Explanations are detailed below in addition to the analysis set out at Note 8 to the accounts.

Resource Grants
An overall decrease of £71.873 million of resource grants is primarily due to the Transition Fund which ended in 2011-12. Grants awarded to the Transition Fund in 2011-12 amounted to £88.936 million. The Transition Fund was announced as part of the Spending Review and provided £100 million funding to voluntary and community organisations, charities and social enterprises in England.

The cessation of grant funding to the Transition Fund was partially off-set by significant increases in grants for Social Action of £9.060 million which was also launched to support the scaling-up of proven models of social action.

There was an increase in the National Citizen Service (NCS) grant of £15.514 million which brings 16 year olds from different backgrounds together in a residential and home-based programme of activity and is delivered through a series of grant agreements with delivery partners. NCS is a key part of the Big Society agenda and is designed to promote a more cohesive, responsible and engaged society.

There was a reduction of £17.397 million in the Advice Services Fund which supports not-for-profit advice service providers to ensure that people continue to have access to good quality free advice in their communities. The fund is managed by the Big Lottery's BIG Fund and distributed to organisations on a bid basis; it ceased during 2012-13.

There was an increase of £5.533 million in the Technical Assistance programme which provides specialist support to the voluntary, community and social enterprise sector to enable them to deliver contracts for tackling social problems and to grow the social investment market.

The Community First programme also saw increased activity with an additional £4.907 million awarded in 2012-13 compared to the previous year. The Community First programme encourages more social action in neighbourhoods with significant deprivation and low social capital. Led by new and existing neighbourhood groups and active individuals, communities will work with businesses, charities and public authorities, encouraging people to help others and themselves to improve the quality of life locally.

Capital Grants
There was an overall reduction of £2.876 million in capital grants mainly in relation to Grassroots Grants and Targeted Support Fund and Community First which ceased during 2012-13.

The Grassroots Grants and Targeted Support Fund programme ended in 2011-12 which awarded grants totalling £1.688 million. The Community First programme, which encourages more social action, saw a reduction of £1.182 million.

Subsidy to Public Corporation
There is a decrease of £6.282 million in Subsidy to Public Corporation. This is due to the closure of the Central Office of Information Trading Fund in December 2011.

INCOME

The overall decrease of £27.627 million in income comprises an increase of £17.369 million in administration, a decrease of £50.878 million in programme and an increase in interest in joint venture-non cash of £5.882 million. Explanations for main variances are detailed below in addition to the analysis set out at Note 9 to the Accounts.

ADMINISTRATION

Overall administration income increased over a number of income streams by £17.369 million from £76.908 million in 2011-12 to £94.277 million in 2012-13.

There is an increase of £18.214 million in the central management of Principal Civil Service Pension Scheme. The increase reflects new arrangements to strengthen the governance and management of the Civil Service Pension arrangements. In 2012-13, the Cabinet Office started receiving income from employers towards the administration costs of running the pensions scheme. In previous years, these funds were collected by DWP on behalf of the Scheme Management Executive (SME). However, following the creation of MyCSP as a mutual joint venture, the Cabinet Office became responsible for collecting this income, which amounts to approximately £17 million per year. Income is also received by the Cabinet Office from the Pensions Vote to cover the costs of SME, which is responsible for the Civil Service Pension Scheme on behalf of the Scheme Management Board. These costs include the MyCSP administration costs of running the scheme. Income has increased to cover the initial increase in costs of MyCSP administering the scheme. Costs are top loaded in the initial stages of MyCSP, but these will reduce over the coming years, as efficiency savings are realised.

There is a decrease of £6.089 million in Civil Service Pensions Transformation Project. This is due to a reduction in costs, resulting in the decrease in associated income, related to the implementation of new delivery arrangements for Civil Service Pensions. The transformation project was completed in early 2012 with a small amount of income received during 2012-13 to cover residual costs.

There is an increase of £5.267 million in the sum recouped from Next Generation HR – Civil Service HR (CSHR). This is a key part of the Government's Efficiency and Reform agenda. CSHR involves sharing HR expertise and maximising buying power across the Civil Service in a joined up and effective manner, to deliver a professional and more efficient service. The programme operates on a cost sharing basis across the government departments and agencies participating in the programme.

There is a decrease of £11.794 million in training seminars and consultancy income relating to the National School of Government due to its closure at the end of March 2012.

A sum of £7.031 million received in respect of supplier rebates is income from contractors relating to costs from previous years' programmes.

PROGRAMME

There is an overall decrease of programme income of £50.878 million.

A reduction of £58.676 million in Central Office of Information (COI) residual activity income is due to the closure of COI in December 2011.

A sum of £8 million capital income reverted to the Cabinet Office from loan repayments under the Futurebuilders England Fund Management Limited contract terms.

In 2011-12 a sum of £1.875 million for the Government Security Zone related to the refund of the majority of unspent monies allocated to this project from the Westminster City Council, who managed the programme. The amount received in 2012-13 is the residual monies relating to this refund.

INTERESTS IN JOINT VENTURES

There was non-cash income of £5.882 million in Interest in Joint Venture. This represents the Cabinet Office's share in the profits in MyCSP Limited of £0.470 million and its share of opening net assets totalling £5.412 million. The Department discloses its share of the results within Net Operating Costs and, where applicable, within Other Comprehensive Net Expenditure and these are excluded from outturn within the Statement of Parliamentary Supply. See Note 13.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Consolidated Statement of Financial Position recognises current and non-current assets and liabilities of the Department.

The Cabinet Office held net assets worth £191.797 million as at 31 March 2013 (2011-12: £138.337 million) comprising:

- non-current assets of £237.834 million (2011-12: £182.020 million)
- current assets (excluding cash) of £55.183 million (2011-12: £104.442 million)
- cash held of £7.093 million (2011-12: £38.978 million)
- current liabilities (excluding provisions) of £95.600 million (2011-12: £169.779 million)
- total provisions of £12.713 million (2011-12: £17.324 million).

The Department's net assets increased by £53.460 million as set out below.

NON-CURRENT ASSETS

An overall increase of £55.814 million in non-current assets comprises a decrease of £13.764 million in Property, Plant and Equipment, £62.265 million reclassification of previous Property, Plant and Equipment as Investment Properties, an increase of £1.784 million in Intangible Assets, £5.882 million of equity shareholdings in a joint venture, a minor increase of £0.001 million in Other Financial Assets and a decrease of £0.354 million in Other Non-Current Assets.

Property, Plant and Equipment
There is a decrease of £13.764 million in property, plant and equipment from £175.857 million in 2011-12 to £162.093 million in 2012-13. This is due to the non-current properties of Admiralty Arch and Sunningdale Park which were reclassified as investment properties from property, plant and equipment to the amount of £30.262 million; see Note 10. There is a net gain of £15.158 million on revaluation of property, plant and equipment which includes the revaluation of Downing Street. See Note 10.

Investment Properties
£62.265 million of previous property, plant and equipment has been reclassified in 2012-13 as investment properties. The Department has freehold ownership of Admiralty Arch and the property became vacant on 10 August 2012 when it was recognised as an investment property. Admiralty Arch is recognised at fair value (2012-13 £60 million) as determined within an agreement between the Department and a

prospective buyer. Subject to the granting of planning permission, under the agreement the prospective buyer will lease the property for 99 years under a finance lease.

Following the closure of the National School of Government on 31 March 2012, the Department retained freehold of the site at Sunningdale Park and recognised it as an investment property from 1 April 2012. Sunningdale Park is recognised at fair value which equates to market value for existing use (2012-13 £2.265 million; 2011-12 £2.133 million). See Note 11.

Intangible Assets

An increase of £1.784 million in intangible assets from £4.406 million in 2011-12 to £6.190 million in 2012-13 is due to the Government Digital Service and the new GOV.UK website which became live from 1 January 2013. See Note 12.

Interests in joint ventures

There is a sum of £5.882 million of equity shareholdings in a joint venture. In May 2012 the MyCSP administration function transferred to a mutual joint venture, incorporated as MyCSP Limited. The Department has a 35 per cent equity shareholding in a joint venture, MyCSP Limited which administers pensions for the members of the Civil Service Pension scheme. The Government established MyCSP Limited as a private limited company with three minority shareholders: Paymaster (1836) Limited with a 40 per cent equity stake, the Cabinet Office with a 35 per cent equity stake and an Employee Benefit Trust with a 25 per cent equity stake. See Note 13.

Other non-current assets

There was a non-current prepayment of £0.354 million in 2011-12 which related to costs incurred for specialist support associated with the disposal of Admiralty Arch through a long-lease. The decrease of £0.354 million in 2012-13 reflects the reclassification of this to a current prepayment to offset against receipts from the sale of the building expected in 2013-14.

CURRENT ASSETS (excluding cash equivalents)

An overall decrease of £49.259 million in current assets comprises a reduction of £44.145 million in assets to be transferred, a slight increase of £0.042 million in inventories, a reduction of £5.420 million in trade and other receivables and an increase of £0.264 million in other financial assets.

Asset to be transferred

During the reporting period 22/26 Whitehall was reclassified as assets to be transferred and was valued at £44.145 million. The Minister for the Cabinet Office has transferred all rights and obligations under the freehold and associated agreements for 22/26 Whitehall to the Secretary of State for the Department for International Development (DfID). This inter-departmental transfer of civil estate property took place at fair value and for £nil consideration. The Cabinet Office issued a capital grant in kind to DfID equal to the fair value of the asset at the point of transfer and thus the transfer is budget neutral; see Notes 8 and 17 to the accounts. The fair value of the property at the date of transfer was £44.145 million on the assumption that the property was sold as part of the continuing enterprise in occupation with vacant possession.

Trade and other receivables

A downward movement of £5.420 million in Trade receivables and other assets is mainly attributable to a combination of increased Trade receivables, reduced Prepayments and Accrued Income and a reduction in Advances provided to Returning Officers.

There is an increase of £15.579 million in Trade receivables due to an invoice for the sum of £18 million being raised in relation to MyCSP Limited. In 2011-12 this was treated as accrued income. The reduction of £15.236 million in prepayments and accrued income is related to the increase in Trade receivables; £18 million was treated as accrued income in 2011-12; however in 2012-13 an invoice has been raised and is included within Trade receivables.

The level of outstanding advances which were provided to Returning Officers saw a year on year decrease of £6.458 million. In 2011-12 £7.238 million related to 2010 UK Parliamentary and 2009 European Parliamentary elections and UK Parliamentary by-elections. The balance of £0.780 million at 31 March 2013 represents advances in respect of UK Parliamentary by-elections.

All claims for the 2009 European Parliamentary election and 2010 UK Parliamentary election (and the 2012 referendum on the Parliamentary voting system for which the monies were bid for by the Cabinet Office but managed and accounted for by the Electoral Commission) have now been settled and the Cabinet Office is in the unique position of only having to deal with monies for by-elections that arise until the 2014 European Parliamentary elections.

Further details on Trade receivables and other assets movements can be found at Note 18 to the Accounts.

Cash and cash equivalents

The balance of £7.093 million comprises an element remaining from supply of £5.427 million and an element relating to Consolidated Fund Standing Services (CFSS) of £1.666 million.

The cash balance held by the Department decreased year on year by £31.885 million from £38.978 million to £7.093 million. The element remaining from Supply has decreased year on year by £18.698 million and the element relating to elections has decreased year on year by £13.187 million.

The element remaining from Supply has decreased year on year by £18.698 million. In March 2012 the cash balance was particularly high as it included the balances of the Central Office of Information Trading Fund and the National School of Government following machinery of government transfers into to the Cabinet Office.

The cash balance of £14.853 million at 31 March 2012 for the 2010 UK Parliamentary election, UK Parliamentary by-elections and the 2009 European Parliamentary election has decreased by £13.187 million to £1.666 million. The decrease reflects the settlement of all claims submitted by Returning Officers for the 2010 UK Parliamentary and 2009 European Parliamentary elections and £8.928 million has been surrendered as non-voted receipts to HM Treasury’s Consolidated Fund. See Note 20.

The cash balance of £1.666 million is the residue of the £3 million that was retained from an under-spend on 2010 UK General Election to cover the costs of any UK Parliamentary by-elections which take place before the next European Parliamentary election in May 2014.

Further details on cash and cash equivalents can be found at Note 19 to the Accounts.

CURRENT LIABILITIES

Trade and other payables
Trade and other payables decreased by £74.179 million. Explanations for the main variances are set out below.

The supply creditor movement of £18.699 million is a factor of the closing cash balance which has decreased since 2011-12; see above explanation under cash and cash equivalents. The year on year decrease in trade payables and other liabilities excluding supply creditors amounts to £55.480 million. This is mainly attributable to the following.

There was an increase of £17.828 million in trade payables. The main reason for this increase is payments relating to invoices for the Next Generation HR programme - Civil Service HR (CSHR) and the provision of Flex ICT services by HM Treasury. The Flex contract is now managed by HM Treasury and the Cabinet Office is invoiced by HM Treasury for ICT services.

Other payables in respect of machinery of government transfer of functions into the Cabinet Office were reduced by £9.527 million. This is because there were no machinery of government changes during 2012-13.

There was a decrease in year-end accruals and deferred income of £26.763 million. This is mainly attributable to a reduction in accruals relating to MyCSP Limited due to improvements in the invoicing process made during the reporting period. In March 2012 the balance was significantly higher due to the machinery of government transfers of the Central Office of Information and National School of Government; both of which ceased trading in 2011-12.

There has been a decrease of £10.803 million in accruals relating to election expenses. Following the receipt and settlement of all of the claims from the 2010 UK Parliamentary election held on 6 May 2010 and the 2009 European Parliamentary election, the amount of accruals relating to election expenses has decreased from £13.163 million to £2.360 million. The balance of £2.360 million at 31 March 2013 reflects the residue of the £3 million to cover the costs of any UK Parliamentary by-elections which take place before the next European Parliamentary election in May 2014.

There has been a decrease of £14.702 million in accruals for termination benefits. This is due to the significant reduction in staff departures in 2012-13 compared to the previous year. In 2011-12 the department had a large departure programme due to the closure of the Central Office of Information and the National School of Government. In 2012-13 only a small number of new departures have occurred, further details are shown in Note 6.1

There was a significant reduction of £8.842 million in non-voted receipts surrenderable to the Consolidated Fund as all underspends relating to 2010 UK Parliamentary and 2009 European Parliamentary elections and UK Parliamentary by-elections were returned to HM Treasury's Consolidated Fund during 2012-13 as non-voted receipts. The balance of £0.086 million at 31 March 2013 represents forfeited deposits in respect of UK Parliamentary by-elections held during the financial year.

Further details on Trade payables and other liabilities movements can be found at Note 20 to the Accounts.

NON-CURRENT LIABILITIES

Provisions for liabilities and charges
The balance of provisions decreased by £4.611 million from 2011-12 to 2012-13.

The early departures provision provides for the additional cost of benefits beyond the normal Principal Civil Service Pensions Scheme (PCSPS) when employees retire early. There was a top up of £0.210 million made to existing provisions in year. A sum of £0.171 million was written back as not required, whilst a sum of £1.469 million was utilised in the year.

A specific dilapidation provision is made where the Department is required to bring a property into a good state of repair at the end of a lease. The provision decreased by £1.255 million from £7.215 million in 2011-12 to £5.960 million in 2012-13 for the following reasons. During 2012-13 provision of £0.655 million was written back for Belgrave Road and 67 Tufton Street, and £0.600 million was utilised in respect of Tufton Street. The expiry dates of the remaining leases range from April 2013 to February 2027. It is anticipated that most of the expenditure will take place at the end of the lease. Further details on provisions can be found at Note 21 to the Accounts.

During the reporting year, provision for onerous contracts decreased by £2.039 million from £5.306 million in 2011-12 to £3.267 million in 2012-13 for the following reasons. The Government Property Unit manages the Government's property portfolio which includes vacant leasehold properties for which provision has been made for estimated payments discounted by the Treasury's discount rates for general provisions. During the financial year £1.993 million was utilised. The provision was topped up by £0.910 million which was due to the change in expectation of the properties; £0.612 million of which related to County Farm for the demolition of the buildings on the site. There was a write back of the provision of £0.474 million being no longer required. There were four buildings disposed of during the year. The lease expiry dates of the remaining 6 properties range from August 2015 to June 2027. See Note 21.

Contingent liability
The Cabinet Office disclosed a contingent liability for a funding shortfall for the benefits built up in the Labour Party Superannuation Society as at 31 March 2012. At 31 March 2013 an accrual has been recognised for the shortfall and the contingent liability is no longer applicable.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows shows the increases or decreases in the amounts of cash and how this has been absorbed by the Department during the year on its operating activities and capital expenditure. The net cash requirement is set out at Note 4 to the Accounts and at Figure 1 in the section Performance against Parliamentary Control Totals.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

The Statement of Changes in Taxpayers' Equity records the change in equity between the beginning and end of the reporting period which reflects the increase or decrease in the department's net assets during the period.

The change in equity represents the comprehensive net expenditure for the year and notional charge of auditors' remuneration, Parliamentary funding and payable and receivable adjustments for Supply and amounts remitted to the Consolidated Fund and non-voted receipts surrenderable to the Consolidated Fund and any assets and liabilities introduced or removed from the books.

This statement reflects the unrealised element of revaluations on property, plant and equipment and intangible assets. These gains have not been reflected in the Net Operating Cost and instead reflect movements within the Consolidated Statement of Financial Position. As reserves are realised on asset disposal, a relevant portion of the reserve is transferred to the General Fund. In 2012-13 an amount of £7.872 million was transferred from the revaluation reserve to the General Fund of which £6.5 million is attributable to the reclassification of Admiralty Arch as an investment property.

Performance against Parliamentary Control Totals

FIGURE 1
Outturn against Estimate and reconciliation of net resource outturn to net cash requirement

£000	Notes to the Account	2012-13 Outturn	2012-13 Estimate	Variance Saving/ (excess)	Variance Saving/ (excess) %	2011-12 Outturn
	Note					
Net Resource Requirement	2.1	366,947	433,055	66,108	15.3	**453,924**
Net Capital Requirement	2.2	15,054	23,174	8,120	35.0	**17,441**
Total		**382,001**	**456,229**	**74,228**	**16.3**	**471,365**
Remove non-cash items						
Depreciation and amortisation	7,8	(7,990)	(19,520)	(11,530)	(59.1)	(7,803)
Impairment	7,8	(4,705)	(7,430)	(2,725)	(36.7)	(1,418)
Capital Grant in Kind – Property	8	(44,145)	(44,145)	-	-	-
Disposal of assets held for sale	17	44,145	44,145	-	-	-
New provisions	8	549	(295)	(844)	(286.2)	(6,501)
Notional audit fee	7	(425)	(425)	-	-	(368)
Provision for doubtful debts	8	371	(1,000)	(1,371)	(137.1)	291
Bad debt write off	8	(80)	-	80	100.0	(238)
Investment property gain on changes in fair value	8	32,003	-	(32,003)	(100.0)	-
Subtotal		**19,723**	**(28,670)**	**(48,393)**	**(168.8)**	**(16,037)**
eNDPBs						
Remove voted Resource and Capital spend (Post Consolidation Basis)	2.1	(1,442)	(1,200)	242	20.1	(1,313)
Remove voted resource and capital - Accrual		(96)	-	96	100.0	-
Consolidation Elimination adjustment		106	-	(106)	(100.0)	95
Add cash Grant in Aid	8	1,432	1,200	(232)	(19.3)	1,107
Subtotal		**-**	**-**	**-**	**-**	**(111)**
Movements in working balances						
Changes in working capital other than cash		**36,251**	**52,258**	**16,007**	**30.6**	**(19,773)**
Repayment of COI public dividend capital	15	**-**	**-**	**-**	**-**	**265**
Use of provisions	21	**4,062**	**4,345**	**283**	**6.5**	**2,916**
Total accruals to cash adjustments		**60,036**	**27,933**	**(32,103)**	**(114.9)**	**(32,740)**
Carbon Reduction Commitment Energy Efficiency Scheme Add: capital assets outside scope of capital budgets and outturn						
Purchase of allowances for carbon dioxide emissions	12	154	-	(154)	(100.0)	-
Surrender of allowances for carbon dioxide emissions	7	(77)	-	77	100.0	-
Allowances carried forward		**77**	**-**	**(77)**	**(100.0)**	**-**

FIGURE 1 (continued)
Outturn against Estimate and reconciliation of net resource outturn to net cash requirement

£000	Notes to the Account	2012-13 Outturn	2012-13 Estimate	Variance Saving/ (excess)	Variance Saving/ (excess) %	2011-12 Outturn
Removal of non-voted budget items						
Consolidated Fund Standing Services						
Salary and pension costs of the UK members of the European Parliament	2.1	(1,831)	(2,143)	(312)	(14.6)	(1,848)
Total non-voted budget items		**(1,831)**	**(2,143)**	**(312)**	**(14.6)**	**(1,848)**
Memorandum adjustments						
Depreciation on PFI assets	3.1	47	-	(47)	(100.0)	91
Remove service concession from administration budget	3.1	(1,834)	(2,360)	(526)	(22.3)	(9,793)
Add service concession to programme accounts	3.1	2,418	2,360	(58)	(2.5)	11,280
Total memorandum adjustments		**631**	**-**	**(631)**	**(100.0)**	**1,578**
Net Cash Requirement	4	**440,914**	**482,019**	**41,105**	**8.5**	**438,355**

FIGURE 2

Reconciliation of resource expenditure between Estimates, Accounts and Budgets
2(a) Resource

£000	Notes to the Account	2012-13 Outturn	2012-13 Budget	Variance Saving/ (excess)	Variance Saving/ (excess) %	2011-12 Outturn
Departmental Group Net Operating Cost (Accounts)	3.1	**403,868**	**482,310**	**78,442**	**16.3**	**462,507**
Remove						
Capital grant expenditure	8	(52,108)	(59,417)	(7,309)	(12.3)	(10,839)
Capital grant income	9	8,105	8,019	(86)	(1.1)	1,986
Depreciation on property, plant and equipment on dual reporting-PFI assets	3.1	(47)	-	47	100.0	(91)
Service concession (Programme DEL)	3.1	(2,418)	(2,360)	58	2.5	(11,280)
Subtotal		**(46,468)**	**(53,758)**	**(7,290)**	**(13.6)**	**(20,224)**
Add: Service concession (Administration DEL)	3.1	1,834	2,360	526	22.3	9,793
Share of Joint Venture profit and opening net assets	9	5,882	-	(5,882)	(100.0)	-
Add non-voted expenditure						
Salaries and pension costs of UK Members of the European Parliament (UK MEPs)	3.1	1,831	2,143	312	14.6	1,848
Total Budget Resource Outturn	2.1	**366,947**	**433,055**	**66,108**	**15.3**	**453,924**
Total Budget Resource Outturn		**366,947**	**433,055**	**66,108**	**15.3**	**453,924**
Of which:						
Core Department		**365,505**	**431,855**	**66,350**	**15.4**	**452,611**
eNDPBs		**1,442**	**1,200**	**(242)**	**(20.1)**	**1,313**
Departmental Expenditure Limit (DEL)		**402,426**	**427,575**	**25,149**	**5.9**	**448,805**
Annually Managed Expenditure (AME)		**(35,479)**	**5,480**	**40,959**	**747.4**	**5,119**
RDEL						
Of which:						
Voted Departmental Expenditure Limit (DEL)		**400,595**	**425,432**	**24,837**	**5.8**	**446,957**
Non-voted Departmental Expenditure Limit (DEL)		**1,831**	**2,143**	**312**	**14.6**	**1,848**
RAME						
Of which:						
Voted Annually Managed Expenditure (AME)		**(35,479)**	**5,480**	**40,959**	**747.4**	**5,119**
Non-voted Annually Managed Expenditure (AME)		**-**	**-**	**-**	**-**	**-**

Reconciliation of resource expenditure between Estimates, Accounts and Budgets
2(a) Resource (continued)

£000	Notes to the Account	2012-13 Outturn	2012-13 Budget	Variance Saving/ (excess)	Variance Saving/ (excess) %	2011-12 Outturn
Resource DEL						
Other expenditure		387,361	405,387	18,026	4.4	437,734
eNDPB Net Expenditure	2.1	1,442	1,200	(242)	(20.1)	1,313
Consolidated Fund Standing Services –UK MEPs	2.1	1,831	2,143	312	14.6	1,848
Ring-fenced depreciation, amortisation and impairment in total	7,8	11,744	18,420	6,676	36.2	7,633
Less:						
Depreciation on donated assets classified to RAME		(456)	-	456	100.0	-
Depreciation on dual reporting PFI assets	3.1	(47)	-	47	100.0	(91)
Profit/Loss on disposal of PPE/Intangibles	7,8	122	-	(122)	(100.0)	-
Profit/Loss on disposal of donated assets	7	4	-	(4)	(100.0)	-
Notional audit fee	7	425	425	-	-	368
Total	2.1	**402,426**	**427,575**	**25,149**	**5.9**	**448,805**
Of which:						
Programme						
Other expenditure		210,773	223,898	13,125	5.9	258,364
Consolidated Fund Standing Services – UK MEPs	2.1	1,831	2,143	312	14.6	1,848
Ring fenced depreciation, amortisation and impairment in total	8	3,181	2,100	(1,081)	(51.5)	1,854
Less:						
Depreciation on donated assets classified to RAME		(456)	-	456	100.0	-
Depreciation on dual reporting PFI assets removed from budgets	3.1	(47)	-	47	100.0	-
Profit/Loss on disposal of PPE/ Intangibles	8	113	-	(113)	(100.0)	-
	2.1	**215,395**	**228,141**	**12,746**	**5.6**	**262,066**
Administration						
Other expenditure		176,588	181,489	4,901	2.7	179,370
eNDPB Net Expenditure	2.1	1,442	1,200	(242)	(20.1)	1,313
Ring fenced depreciation, amortisation and impairment in total	7	8,563	16,320	7,757	47.5	5,779
Profit/Loss on disposal of PPE/Intangibles	7	9	-	(9)	(100.0)	-
Profit/Loss on disposal of donated assets	7	4	-	(4)	(100.00)	-
Depreciation on dual reporting PFI assets		-	-	-	-	(91)
Notional audit fee	7	425	425	-	-	368
	2.1	**187,031**	**199,434**	**12,403**	**6.2**	**186,739**

Reconciliation of resource expenditure between Estimates, Accounts and Budgets
2(a) Resource (continued)

£000	Notes to the Account	2012-13 Outturn	2012-13 Budget	Variance Saving/ (excess)	Variance Saving/ (excess) %	2011-12 Outturn
Resource AME						
New provisions	8	(549)	295	844	286.1	6,501
Depreciation on Civil Service Club and COI assets		456	1,100	644	58.5	169
Impairments of Property, plant and equipment and intangible assets	8	811	6,930	6,119	88.3	1,290
Impairment of loans	8	159	500	341	68.2	128
Provisions and write off for bad debts	8	(291)	1,000	1,291	129.1	(53)
Investment properties gains on changes in fair value	8	(32,003)	-	32,003	100.0	-
		(31,417)	9,825	41,242	419.8	8,035
Utilisation and release of existing provisions	21	(4,062)	(4,345)	(283)	(6.5)	(2,916)
Total		**(35,479)**	**5,480**	**40,959**	**747.4**	**5,119**

Reconciliation of capital expenditure between Estimates, Accounts and Budgets
2(b) Capital

£000	Notes to the Account	2012-13 Outturn	2012-13 Budget	Variance Saving/ (excess)	Variance Saving/ (excess) %	2011-12 Outturn
Non-current assets						
Property, plant and equipment	10	11,068	15,121	4,053	26.8	9,203
Intangible assets	12	3,798	-	(3,798)	(100.0)	1,097
		14,866	**15,121**	**255**	**1.7**	**10,300**
Remove capital assets disposals:						
Property, plant and equipment		(178)	-	178	100.0	(1,872)
Intangible assets		-	-	-	-	(9)
Total non-current assets		**14,688**	**15,121**	**433**	**2.9**	**8,419**
Property, plant and equipment – Donations	10	84	-	(84)	(100.0)	959
Capital Grant in Kind income - Donations	9	(84)	-	84	100.0	(959)
Total donations		**-**	**-**	**-**	**-**	**-**
Gift made to DFID						
Assets to be transferred	17	(44,145)	(44,145)	-	-	-
Capital Grant in Kind expenditure	8	44,145	44,145	-	-	-
Total gifts		**-**	**-**	**-**	**-**	**-**
Other financial assets						
Loans issued	15	444	820	376	45.9	343
Loan repayments	15	(20)	(20)	-	-	(20)
Repayment of Public Dividend Capital	15	-	-	-	-	(265)
Total other financial assets		**424**	**800**	**376**	**47.0**	**58**
Total non-current assets		**15,112**	**15,921**	**809**	**5.1**	**8,477**
Capital grants	8	7,963	15,272	7,309	47.9	10,839
Capital grant income	9	(8,021)	(8,019)	2	-	(1,875)
Total capital grants		**(58)**	**7,253**	**7,311**	**100.8**	**8,964**
Total	2.2	**15,054**	**23,174**	**8,120**	**35.0**	**17,441**
Net Capital Outturn (Budgets)		**15,054**	**23,174**	**8,120**	**35.0**	**17,441**
Of which:						
Voted Departmental Expenditure Limit (DEL)		**15,054**	**23,174**	**8,120**	**35.0**	**17,441**
Voted Annually Managed Expenditure (AME)		–	**–**	**–**	**–**	**–**

OUTTURN AGAINST ESTIMATE – see Figure 1

Authority was sought in the Central Government Supply Estimates 2012-13, Supplementary Estimate (HC 894) for provision for a net resource requirement of £433.055 million, a net capital requirement of £23.174 million and a net cash requirement of £482.019 million. Outturn against Estimate is set out at Figure 1 below. Year on year variances are explained in the previous section under the heading Consolidated Statement of Comprehensive Net Expenditure.

Further information on the Supplementary Estimate 2012-13 can be found from the following link:
http://www.hm-treasury.gov.uk/psr_estimates_supplementary.htm

Net Resource Outturn
Actual net resource requirement for this period was £366.947 million, a saving of £66.105 million against Estimate of £433.055 million.

Savings are mainly attributable to under-spends on Efficiency and Reform, Corporate Services Group and Annually Managed Expenditure (AME). Note 2 to the Accounts provides a breakdown of net resource outturn and variances are explained in Figure 2 which contains a reconciliation between the Department's Estimate, Accounts and Budget.

Net Capital Outturn
Actual net capital outturn for the period was £15.054 million, a saving of £8.120 million against an Estimate of £23.174 million.

The under-spend on capital DEL is mainly due to capital grant programmes run by the Efficiency and Reform Group. The under-spend primarily relates to the Community First Endowment Match Challenge programme. The programme is designed increase local philanthropy. Under the EMC Cabinet Office matches donations made by members of the public on a 2:1 basis. Cabinet Office was only able to match fund donations amounting to £12.3 million in the financial year 2012-13.

Adjustments
Accruals adjustments comprise non-cash items listed at Notes 7, 8 and 9 to the Accounts which largely represent capital charges in respect of property and also changes in working capital and in the use of provision as set out at Note 21 to the Accounts.

Net Cash Requirement
The Cabinet Office required cash amounting to £440.914 million to finance its activities; £41.105 million less than the sum approved by Parliament.

The saving is attributable to under-spends in resource outturn of £66.108 million as adjusted to remove non-cash items of £48.393 million and under-spends in capital outturn of £8.120 million as described above and a saving on Movements in Working Capital of £16.007 million. A year-on-year fall in the level of accruals of £52.258 million had been forecast which would have generated a similar increase in the level creditors at year-end but the actual fall in the level of accruals was less than expected by £16.007 million.

OUTTURN AGAINST BUDGET

The Cabinet Office reports savings of 5.9% against Resource Departmental Expenditure Limit (DEL) and savings of 35% against Capital Departmental Expenditure Limit (DEL) and savings of 745.8% against Resource Annually Managed Expenditure (AME).

A commentary on resource outturn against budget is set out at Figure 2(a) and is analysed between DEL and AME. The commentary on resource DEL outturn is analysed by administration and programme and further analysed by Consolidated Fund Standing Services, ring-fenced depreciation, other notional costs and other expenditure and expenditure incurred by executive non-departmental public bodies. Additional commentary is provided for non-voted expenditure on salaries and pensions of the UK Members of the European Parliament. A commentary on resource AME outturn is analysed between provisions, asset impairments and investment properties.

The commentary on net capital outturn is set out at Figure 2(b) and is analysed between non-current assets and capital grants.

Year on year variances are explained in the previous section Year on Year Comparison, Consolidated Statement of Comprehensive Net Expenditure and Consolidated Statement of Financial Position.

Resource Departmental Expenditure Limit (RDEL) – see Figure 2 (a)

Resource DEL under-spend in total £25.149 million

The Cabinet Office's resource DEL budget for 2012-13 was £427.575 million, and actual outturn was £402.426 million, a saving of £25.149 million (5.9%) against the Resource Departmental Expenditure Limit (RDEL) in the Estimate approved by Parliament.

The overall resource DEL saving consists of a saving on administration expenditure of £12.403 million, of which £7.757 million relates to depreciation, and a saving on programme expenditure of £12.746 million. This comprises the following:

Other resource under-spend £18.026 million

The Cabinet Office's other resource under-spend comprises savings of £18.026 million relating to core Cabinet Office activities of which administration £4.901 million and programme £13.125 million. The under-spend is due to lower than anticipated spend within Constitution Reform (ring-fenced budget), some delays to programmes, mainly within the Government Innovation Group, and due to efficiencies and savings made to enable the Department to return budget to HM Treasury, as agreed earlier in the year.

eNDPB Resource Consumption overspend £0.242 million

In the Cabinet Office consolidated accounts, the Civil Service Commission (CSC) is shown as having ended the financial year with an over-spend against budget of £0.242 million instead of an under-spend of £0.096 million. The difference of £0.338 million includes £0.342 million expense incurred by CSC for performing non-Commission related work on behalf of the Cabinet Office for which the CSC receives reimbursements from the Cabinet Office. These reimbursements are recognised as income in the accounts of the Civil Service Commission but are eliminated upon consolidation within the Cabinet Office consolidated accounts and hence it appears there has been an over-spend. The Commission's audited accounts confirm that the Commission ended the financial year with an under-spend from budget of £0.096 million.

Salaries and pensions of the UK Members of the European Parliament (MEPs) under-spend £0.312 million

The under-spend of £0.312 million against a budget and against prior year outturn is due to the fact that there were no leavers, two retirements and no severance payments. The lump sum pension payment was approximately £0.180 million lower in 2012-13 due to a refund of a pension contribution.

The Cabinet Office does not benefit from the services of the UK Members of the European Parliament and may not re-deploy un-spent funds. Salaries and pensions are paid from the Consolidated Fund Standing Services and the under-spend belongs to Treasury's Consolidated Fund. Therefore, although this is a charge against the Cabinet Office's non-voted resource DEL, it does not form part of the Accounts.

Ring-fenced depreciation, amortisation and impairment under-spend £6.676 million
The ring-fenced depreciation and amortisation in administration and programme is £6.676 million less than originally planned.

The original depreciation budget was set during the Comprehensive Spending Review 2007 and included depreciation costs for the SCOPE programme. SR2010 budget was based on similar assumptions. The SCOPE programme ceased in 2009; the assets were impaired in 2009-10 and the programme's assets were transferred to other government bodies. As a result depreciation cover was not needed for the programme in subsequent years.

The impairment charge of £3.735 million included in the Statement of Comprehensive Net Expenditure arose though assets reaching the end of their useful life earlier than forecast; structural improvement assets written off on the termination of the operating lease for 67 Tufton Street and downward revaluations of non-property assets for which there was no remaining revaluation reserve balance.

Adjustments to depreciation
The ring-fenced depreciation on donated assets reclassified as RAME in programme is £0.456 million. Treasury Consolidated Budgeting Guidance stipulates that depreciation on donated assets scores to RAME.

Depreciation on dual reporting of PFI assets of the amount £0.047 million has been removed from budgets. The element of depreciation relating to infrastructure assets determined as part of the service concession has been removed from budget, since the service concession assets are excluded from the Consolidated Statement of Financial Position for budget purposes.

Loss on disposal of PPE/intangibles over-spend £0.122 million
The loss on disposal of £0.122 million was not provided for in the Estimate. The loss was mainly as a result of the disposal of IT equipment no longer required following the closure of the Central Office of Information on 30 December 2011.

Resource Annually Managed Expenditure (RAME) – see Figure 2(a)

Resource AME under-spend in total £40.959 million

The Cabinet Office's resource AME budget for 2012-13 was £5.480 million and actual outturn amounted to £35.479 million negative AME, a saving of £40.959 million (747.4%) against the resource Annually Managed Expenditure (AME) in the Estimate approved by Parliament.

This comprises the following:
New Provisions £0.844 million under-spend/ utilisation of provisions £0.283 million over-spend
The under-spend of £0.844 million is attributable to write-backs of dilapidation provisions no longer required in respect of Belgrave Road and 67 Tufton Street. See note 21.2 to the Accounts.

The over-spend of £0.283 million is attributable to a timing delay on agreeing the utilisation of dilapidations provision for Grosvenor House; this will fall in 2013-14.

Depreciation on Civil Service Club and COI Assets £0.644 million under-spend
The under-spend of £0.644 million is attributable to assets belonging to the former Central Office of Information which ceased trading in December 2011, and is due to some assets having a longer useful life than previously expected.

Impairments on non-current assets £6.119 million under-spend
The under-spend of £6.119 million is due to reductions in values of assets through professional valuations and the application of published indices which were less than anticipated.

Impairments on loans on non-current assets £0.341 million under-spend
An impairment of £0.159 million was taken out against loans to Bridges Social Entrepreneurs' Fund representing the Cabinet Office's share of fund costs, investments gains/losses and income and also the write off of an investment in Call Britannia which went into administration and no material recovery is expected. The level of impairment is £0.341 million less than forecast.

Doubtful Debts £1.291 million under-spend
The under-spend of £1.291 million for provisions for doubtful debts is due to the level of unrecoverable and overdue debts being less than was forecast.

Investment properties gains on changes in fair value £32.003 million under-spend
Sunningdale Park and Admiralty Arch became investment properties during 2012-13. The gains resulted from changing the basis of fair value estimates from existing use value in use to market value.

Capital Departmental Expenditure Limit (CDEL) – see Figure 2(b)

Capital DEL under-spend in total £8.120 million

The Cabinet Office's capital budget for 2012-13 was £23.174 million and actual outturn amounted to £15.054 million, a saving of £8.120 million (35.0%) against the Capital Departmental Expenditure Limit (CDEL) in the Estimate approved by Parliament.

This comprises the following:

Total non-current assets under-spend £0.809 million

An under-spend of £0.809 million comprises £0.433 million under-spend on non-current assets and an under-spend of £0.376 million on loans and may be explained as follows:

An under-spend of £0.255 million was a result of the re-phasing of elements of the on-going modernisation works to increase the capacity of the Department's freehold estate.

This is offset by disposals of property, plant and equipment for £0.178 million and an under-spend of £0.376 million on a loan compared to the budget Estimate of £0.820 million was made to Bridges Social Entrepreneurs Fund LP. The fund aims to improve access to risk capital for new and growing social enterprises to scale their delivery of high social impacts. The under-spend represents the fund making fewer investments than originally budgeted for within the financial year. See Note 15 to the Accounts.

Total capital grants under-spend £7.311 million

An under-spend of £7.309 million primarily relates to the Community First Endowment Match Challenge (EMC) programme and £0.002 million relates to capital grant rebates from Westminster City Council for the Government Security Zone.

The EMC programme is designed increase local philanthropy. Under the EMC Cabinet Office matches donations made by members of the public on a 2:1 basis. Cabinet Office was only able to match fund donations amounting to £12.3 million in the financial year 2012-13.

Virement

In Note 2 to the Accounts on Net Outturn, the department has adjusted its Net total outturn compared to Estimate for virements.

Within Administration in resource DEL, £4.564 million has been transferred from Corporate Services Group to cover over-spends on depreciation and impairment in the operating segment Support to the Cabinet, the PM and the Deputy PM; the budget for depreciation being held in Corporate Services Group.

Within Administration in resource DEL, £0.242 million has been transferred from Hosted Functions to cover an over-spend incurred by the Civil Service Commission. The additional budget resides in Hosted functions; see earlier explanation under RDEL pertaining to the Civil Service Commission.

Within Programme in resource DEL, an amount of £2.338 million has been transferred from Corporate Services Group Administration to cover post-closure costs of the Central Office of Information borne by Corporate Services Group programme budget.

Within Programme in resource DEL, an amount of £0.161 million has been transferred from Efficiency & Reform to cover a small over-spend incurred by the operating segment Support to the Cabinet, the PM and the Deputy PM.

Within capital DEL, amounts of £0.595 million and £0.372 million have been transferred from Efficiency & Reform to cover capital expenditure in operating segments Support to the Cabinet, the PM and the Deputy PM and Corporate Services Group respectively.

PUBLIC EXPENDITURE DATA 2006-07 TO 2014-15

INTRODUCTION

The aim of the published expenditure data tables is to present spending plans and comparable outturn data and to provide an explanation of the Cabinet Office's budgetary spending. These tables analyse spending in terms of the main spending control aggregates: the Departmental Expenditure Limit (DEL), showing resource DEL (RDEL) and capital DEL (CDEL) consumption and departmental Annually Managed Expenditure (AME).

Budgets are negotiated with HM Treasury by means of Spending Reviews (SR) and the most recent is the Spending Review 2010 (SR2010) covering financial years 2011-12, 2012-13, 2013-14 and 2014-15. The SR2010 is the starting point for departments to plan their expenditure over a four year period and, once agreed by HM Treasury, it cannot be changed, apart from in year transfers such as agreed machinery of government transfers of function and budgetary cover transfers from one part of the public sector to another and other HM Treasury agreed funding.

Data is presented within budgetary control limits by expenditure type and by the Cabinet Office's pillar organisational segmental reporting structure; see Note 2 to the Accounts. Funding has been agreed by HM Treasury in the Estimates covering all financial years up to 2013-14.

COMMENTARY ON PUBLIC EXPENDITURE DATA TABLES

Table 1 – Total Departmental Spending

Total Departmental spending is the sum of total resource and capital expenditure less depreciation (to avoid double counting). Both resource and capital budgets are split into Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME).

Resource DEL (RDEL)

The 2010 Spending Review Settlement provides for a real reduction in non ring-fenced RDEL of 35 per cent on the Cabinet Office 2011-12 baseline after excluding all changes in departmental responsibilities. The main features in variations in budget between the years are:

Staff costs

The decrease on prior year of £22.725 million mainly relates to termination benefits and is explained in the previous section Year on Year Comparison staff costs.

There is a decrease in future years pay costs in response to the Government's deficit reduction plans.

Outturn for 2012-13 may be reconciled to staff costs at Note 6 to the Accounts by adding the salaries and pensions of the UK Members of the European Parliament and by adding utilisation of early departures costs (whereby cash disbursement is a charge against RDEL and release of the provision is a benefit to RAME); both are reported in the previous section Performance against Parliamentary Control Totals.

Purchase of Goods and Services and income from sales of goods and services

In 2009-10, 2010-11 and 2014-15 there is an increase in purchase of goods and services due to parliamentary election expenses. In 2009-10 the 2009 European Parliamentary elections were budgeted at £95.3 million and in 2010-11 the UK Parliamentary Elections for England and Wales were budgeted at £102.2 million. Provision is set aside for elections to the European Parliament in 2014-15. SR2010 settlement includes funding for the boundary review and in 2014-15 funding for the introduction of Individual Electoral Registration.

Increases in expenditure include £100 million in 2013-14 and £140 million in 2014-15 for the National Citizen Service programme.

In 2013-14 and 2014-15 costs increase by £8.5 million to reflect the administration and management of the Royal Mail Statutory Pension Scheme which transferred into Cabinet Office from the Department for Business, Innovation and Skills. See Table 4 Administration budget and note 33 to the Accounts.

In 2013-14 only, administration income and expenditure of £47.310 million reflects the transfer from the Department for Work and Pensions into the Cabinet Office of accountability for IT, employee and financial transactional shared services to other public sector bodies. See Table 4 Administration budget, and note 33 to the Accounts.

Current grants and subsidies

SR2010 settlement includes funding for the voluntary sector. The Office for Civil Society is charged with implementing the Government's commitment to the Big Society and the settlement provides for the Community First Fund, support for volunteering, capacity building, community organisers and support for mutuals. The pilot phase of the National Citizen Service was implemented during 2011-12 and 2012-13. Key programmes have included National Citizen Service, Strategic Partners Programme, Social Action, GDS ID Assurance, Community Organisers, Community First, Structural Support and Technical Assistance.

During 2012-13 there was an overall decrease in grant funding compared to the prior year. Decreases in the Advice Services Fund of £17 million and in the Transition Fund of £88.936 million, which ceased, were offset by increases in Social Action of £9.030 million and in National Citizen Service of £15.514 million.

Future years expenditure include £16.8 million in each of 2013-14 and 2014-15 for “Help for Not-for-Profit organisations in the Third Sector”.

Outturn for 2012-13 cross references to Note 8 to the Accounts which also describes the purpose of the grant programmes.

Rentals

Rentals average around £15 million per annum including a £2.242 million PFI service charge in respect of Sunningdale Park and a PFI service charge of £1.834 million in respect of ICT services. See Notes 3, 7 and 8 to the Accounts.

During 2012-13 the Cabinet Office paid lease surrender premiums totalling £16.350 million to secure early exit from leasehold properties at 1 Palace Street and 67 Tufton Street in order to realise future value for money savings. The Cabinet Office assumed responsibility for the lease of 1 Palace Street from the Department for International Development who moved to cheaper premises at 22-26 Whitehall which were gifted to them by the Cabinet Office; see Note 17 to the Accounts. By incurring a charge of £13.650 million, the Cabinet Office secured early exit from the lease in December 2013 with the prospect of achieving overall savings of £62.5 million which include the avoidance of future rental payments to September 2020.

Depreciation and impairment

Depreciation is a ring-fenced budget and may not be deployed. It includes depreciation and impairment caused by loss or damage to assets resulting from normal business operations, abandonment of assets under construction or over-specification of assets.

Depreciation arises mainly on owned buildings and IT. Outturn for 2012-13 cross references to Notes 7 and 8 of the Accounts.

Other resource

In 2012-13 this includes royalty income of £10.275 million and dividend income of £2.615 million. See Note 9 to the Accounts.

Resource AME (RAME)

Resource AME comprises the take up of new provisions and the release of provisions at the point of cash utilisation for both dilapidations on leasehold properties and onerous contract on vacant leasehold properties, staff early departures, depreciation on donated assets and impairments against property assets and loans and investment properties gains/loss on changes in fair value.

Depreciation and Impairment

Effective 1 April 2011, the Consolidated Budgeting Guidance requires depreciation on donated assets to be scored as AME instead of being part of ring-fenced depreciation under RDEL. Donated asset depreciation represents depreciation on the Civil Service Club and on donated assets absorbed from the Central Office of Information following the closure of its Trading Fund on 30 December 2011.

During 2012-13 impairments of £3.359 million arose in respect of loans £0.159 million and property plant and equipment and intangibles £3.200 million. SR2010 provides for future years impairment against property assets. See Notes 7 and 8 to the Accounts.

Take up of provisions

There was no budget set for new provisions during the SR2010 years. During 2012-13 additional provision was taken of £1.120 million primarily in respect of vacant properties and provisions not required of £1.300 million were written back.

The vacant properties/onerous contract provision was topped up by £0.910 million, the largest portion of which was £0.612 million for County Farm for the demolition of the buildings on the site. Provisions were written back in respect of those vacant properties that were disposed of in year. See Note 21.3 to the Accounts on Onerous Contracts.

Release of provisions

During 2012-13 provisions of £4.062 million were utilised in respect of early departures £1.469 million, dilapidations £0.600 million and on onerous contacts on vacant properties £1.993 million. See Note 21 to the Accounts.

Other resource

During the year Admiralty Arch became vacant and was recognised as an investment property at fair value of £60 million resulting in a gain on change in fair value of £32.003 million. See Note 11 to the Accounts for further information.

Capital DEL (CDEL)

The 2010 Spending Review Settlement provides for a real reduction of 28 per cent on the Department's 2011-12 baseline. The Public Expenditure Committee agreed the following should be funded within this capital settlement: Cabinet Office Estate Rationalisation, Constitutional Reform – Individual Electoral Registration, Social Action and Community First. The main features in variations in budget between the years are:

Capital grants

Capital grants to the private sector have steadily increased until 2010-11. Expenditure from 2006-07 to 2010-11 represents capital grants to Futurebuilders England Limited to deliver the Futurebuilders programme which came to an end on 31 March 2011. The decrease in 2010-11 compared to 2009-10 is largely due to reductions in amounts paid through the private sector to the Community Assets programme.

Decreases in 2011-12 and 2012-13 compared to prior year are due to reductions in amounts paid in respect of Grassroots Grants and Community First. The outturn for 2012-13 cross references to Note 8 to the Accounts.

During 2012-13 Futurebuilders England Limited returned capital income of £8 million to the Cabinet Office representing the repayment of loans by investees; see Notes 9 and 27 to the Accounts.

SR2010 allows the continuation of capital grants run by the Office for Civil Society. These include grants to Community First Fund-endowment match. Future capital grants are not expected to exceed £15 million in 2013-14 and £10 million in 2014-15.

Purchase of Assets

Commencing 2008-09 there is a large decrease in purchase of assets and income from sales of assets. In previous years there had been large investments in Capital IT programmes.

During 2012-13 capital expenditure was largely focused on upgrading the Department's core freehold estate, estate rationalisation programme and crisis management facilities.

During 2013-14 additional capital expenditure will be incurred on Individual Electoral Registration. SR2010 provided the Constitutional Reform Group the opportunity to set out its plans to bring forward the introduction of Individual Electoral Registration. Individual Electoral Register will require each member of the household to register, and be responsible for, their own entry on the register which will subsequently be checked against other sources of public data to ensure that the electoral register is trusted and secure. Individual Electoral Registration should furthermore improve accuracy of the register, allow people to register in different ways and will allow the government to take steps to address the completeness of the register.

Capital expenditure is reported at Notes 10 and 12 to the Accounts.

Net Lending

The net lending to private sector represents a constant level of loan repayments received from the LHA London Limited. Commencing 2009-10 the Office for Civil Society made loans to Bridges Social Entrepreneurs Fund LP; see Note 15 to the Accounts. Spending Review 2010 allows for Office for Civil Society to make further loans to Bridges Social Entrepreneurs Fund and repayment of the loan by the LHA London Limited.

Other capital and Income from Sale of Assets

In 2012-13 the Minister for the Cabinet Office transferred all rights and obligations under the freehold and associated agreements for 22/26 Whitehall, London SW1A 2WH to The Secretary of State for International Development (DFID).This inter-departmental transfer of civil estate property took place at fair value and for £nil consideration. The Cabinet Office issued a capital grant in kind to DFID equal to the fair value of the asset at the point of transfer and thus the transfer was budget neutral. The fair value of property at the date of transfer was £44.145 million on the assumption that the property was sold as part of the continuing enterpriser in occupation with vacant possession. See Note 17 to the Accounts.

Table 2 - Outturn Year 2012-13

Table 2 'Outturn Year' supplements Table 1 by providing comparators for budgetary control limits for the reporting year just ended:

- Original plans represent the published Main Estimate 2012-13
- Final plans represent the published Supplementary Estimate 2012-13
- Estimated Outturn 2012-13 represents provisional outturn. A reconciliation between estimated and final outturn is set out at Table 2.1.

Table 3 - Capital Employed for the Cabinet Office

This table shows the capital employed by the Department in the format of the Consolidated Statement of Financial Position. It provides a high level analysis of the value of the various categories of non-current and current assets and liabilities and provisions. Outturn is as reported in the Cabinet Office Annual Report and Accounts for all years to 2012-13 (in other words, prior years have not been restated) and projections are reported for 2013-14 and 2014-15. The main features in variations between the years are:

Total capital employed

An overall increase in capital employed in 2013-14 is primarily due to a projected increase in current assets in respect of election advances; however there is an expected decrease in capital employed in 2014-15 predominately due to the increase in accruals relating to the 2014 European Parliamentary elections as detailed below. Details of year on year movements between 2011-12 and 2012-13 may be found in the section 'Year on Year Comparison'.

Non-current assets

Property, plant and equipment and Intangible assets

Overall carrying values fell during 2012-13 when Admiralty Arch and Sunningdale Park were reclassified out of Property, Plant and Equipment and recognised as Investment properties and Number 10 Downing Street was revalued upwards. See Notes 10 and 12 to the Accounts.

It is expected that depreciation in 2013-14 and 2014-15 will remain at similar levels to 2012-13. Capital additions in 2013-14 reflect the capital requirement approved by Parliament in the Main Estimate 2013-14. Capital additions in 2014-15 reflect the capital budget within the Spending Review 2010.

Investment properties

Admiralty Arch and Sunningdale Park were recognised as investment properties in 2012-13 and were re-valued to fair value. It is expected that Admiralty Arch will be sold on a long leasehold during 2013-14. See Note 11 to the Accounts.

Intangible assets

It is assumed there will be no additional capital expenditure in future years and that depreciation levels remain the same as for 2012-13.

Interest in joint ventures

This represents the Cabinet Office's 35% share of estimated profits of MyCSP Limited in 2013-14 and 2014-15. See Note 13 to the Accounts.

Other financial assets

In 2013-14 the loan to LHA London Limited will be repaid in full following the 12 month written notice of termination given on 21 June 2012. It is expected that additional loans will be made to Bridges Social Entrepreneurs Fund LP which invests in social enterprises. See Note 15 to the accounts.

Current assets

Trade and other receivables

In 2013-14 and 2014-15 it is expected that trade and other receivables will increase as advances will be paid to Returning Officers in respect of the 2014 European Parliamentary elections and the 2015 UK Parliamentary elections; see Note 18 to the Accounts.

Cash and cash equivalents

In 2013-14 and 2014-15 it is anticipated that the Consolidated Fund Standing Services cash balance will continue to reduce as advances and claims relating to UK Parliamentary by-elections will be paid and cash drawn to fund 2014 European Parliamentary Elections will be disbursed in year; see Note 19 to the Accounts.

Current liabilities

Trade and other payables

It is anticipated that the balance will reduce in 2013-14 in respect of trade payables as the higher than expected balance at the 2012-13 year-end was in relation to a high value invoice, and in respect of accruals relating to election expenses as claims for UK Parliamentary by-elections will be received and settled.

In 2014-15 it is expected that the trade payables balance will increase as an accrual will be created to recognise the estimated cost of the 2014 European Parliamentary elections; see Note 20 to the Accounts.

Provisions

There are no new significant provisions anticipated for 2013-14 or 2014-15. Existing provisions will be utilised as shown within the analysis of expected timing of cash flows as set out at Note 21 to the Accounts.

Table 4 - Administration budget

This table represents in more detail information concerning the administration costs of running the Department. These costs are part of the Department's resource DEL budgets. The table gives an analysis for past and current year expenditure showing pay costs and other costs outside the pay bill.

Administration budgets help drive economy and efficiency and are controlled to ensure that as much money as practicable is available for front-line services and programmes. The 2010 Spending Review Settlement provides for a real reduction of 33 per cent in the administration budget excluding depreciation over the four years on the 2010-11 baseline.

The decrease of £14.775 million in 2011-12 outturn administration costs compared to 2010-11 is largely due to efficiency savings across the department, a reduction in the general workforce which took place during 2010-11 and a reclassification from administration to programme of the expenditure of the Civil Service Capabilities and Public Services Reform Groups upon their transfer into the Efficiency and Reform Group; see variance explanation for staff in Consolidated Statement of Comprehensive Net Expenditure.

There is a small decrease in overall outturn between 2011-12 and 2012-13 but within this staff costs have decreased whilst rentals have increased.

Staff costs

The decrease in staff costs is explained in Table 1 and in the section, Year on Year Comparison, Statement of Comprehensive Net Expenditure.

Purchases of goods and services and income from sales of goods and services

In 2013-14 and 2014-15 costs increase by £8.5 million to reflect the administration and management of the Royal Mail Statutory Pension Scheme which transferred into Cabinet Office from the Department for Business, Innovation and Skills. See Note 33 to the Accounts.

In 2013-14 only administration income and expenditure increase by £47.310 million to reflect the transfer from the Department for Work and Pensions into the Cabinet Office of accountability for IT, employee and financial transactional shared services to other public sector bodies. See Note 33 to the Accounts.

Rentals

Effective 2012-13, the Cabinet Office rents office accommodation from HM Treasury at 1 Horse Guards Road.

Tables 5a and 5b – Staff numbers

Table 5a

This table shows the actual number of staff as at 31 March in each year up to 2012-13 and projected staffing in the department up to 2014-15. Staff are categorised as permanent, casual and special adviser.

The numbers exclude ministers, temporary staff and commissioners who are included at note 6 to the Accounts. In accordance with current Civil Service statistics methodology, figures for 2008-09 onwards include special advisers. Headcount is as reported in the Cabinet Office Annual Report and Accounts for all years to 2011-12; in other words prior years have not been restated. Note 6 to the Accounts shows additional headcount information expressed as the average number of whole-time equivalent persons employed.

The increase in staff numbers between 2009-10 and 2011-12 includes machinery of government and other changes as follows.

In 2010-11 267 staff attached to the Office of Government Commerce transferred from HM Treasury, 65 staff attached to Political and Constitutional Reform transferred from Ministry of Justice and 153 staff attached to Directgov transferred from the Department for Work and Pensions. There were 201 cases of early exit.

In 2011-12 52 staff attached to the Government Property Unit transferred from the Department of Business, Innovation and Skills, 116 staff transferred from the National School of Government upon its closure and 370 staff transferred from the Central Office of Information upon the closure of its trading fund. There were 432 cases of early exit. See Note 6.1 to the Accounts.

In 2012-13 29 staff attached to the Implementation Unit transferred from HM Treasury, 81 staff transferred from the Central Office of Information and there were 5 cases of early exit. In addition there were significant number of leavers who had previously worked for National School of Government and Central Office of Information. Their exit costs were recognised in 2011-12 but they were included in the headcount at 31 March 2012 and left during 2012-13. See Note 6 to the Accounts.

Projected staff numbers for 2013-14 and 2014-15 are based on current business planning assumptions to meet the departmental target on reducing administrative costs over the current spending review period.

Table 5b

This table shows Senior Civil Servant (SCS) staff numbers for the Cabinet Office by Pay Band as at 31 March 2013. These figures include 42 staff from the Office of the Parliamentary Counsel.

Tables 6 to 8 - Country and Regional Analysis tables

Most public spending is planned to benefit categories of individuals and enterprises irrespective of location, or where locations are prioritised using national criteria. The analyses show where the individuals and enterprises that benefited from public spending were located. Expenditure is attributed to a specific country of region using the 'for' basis which records the regions that benefited from the spending, or whom the spending was for, rather than the location where the spending took place.

The tables present statistical analyses of public expenditure by country, region and function and present the spending attributed to the English regions alongside the spending attributed to Scotland, Wales and Northern Ireland. They include:

- Table 6 Total Identifiable expenditure on services by country and region for 2007-08 to 2011-12
- Table 7 Total identifiable expenditure on services by country and region, per head for 2007-08 to 2011-12
- Table 8 Total identifiable expenditure on services by function, country and region for 2011-12

Tables 6, 7 and 8 show analyses of the department's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analyses (CRA) published by HM Treasury in October 2012 as part of the National Statistics release. The figures were taken from the HM Treasury public spending database in summer 2012 and the regional distributions were completed by the following autumn. Therefore the tables may not show the latest position and are not consistent with other tables in the Departmental Report. Please note that totals may not sum due to rounding.

The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central government and public corporation elements of TES. They include current and capital spending by the department and its NDPBs, and public corporations' capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities or local authorities own expenditure.

TES is a cash equivalent measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in departmental budgets. They do include pay, procurement, capital expenditure, and grants and subsidies to individuals and private sector enterprises. Further information on TES can be found in Appendix E of PESA 2012.

The data are based on a subset of spending – identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions. Expenditure that is incurred for the benefit of the UK as a whole is excluded.

Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the department's area of responsibility, usually England, compare. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.

The functional analyses of spending in **Table 8** are based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentations of spending by function are consistent with those used in Chapter A of the CRA October 2012 release. These are not the same as the strategic priorities shown elsewhere in the report.

Richard Heaton CB
Permanent Secretary for the Cabinet Office,
First Parliamentary Counsel and
Accounting Officer

12 July 2013

Table 1 Cabinet Office total departmental spending 2006-07 to 2014-15

£'000

	2006-07 OUTTURN	2007-08 OUTTURN	2008-09 OUTTURN	2009-10 OUTTURN	2010-11 OUTTURN	2011-12 OUTTURN	2012-13 Estimated OUTTURN	2013-14 PLANS	2014-15 PLANS
Resource DEL									
Support to the Cabinet, the PM & the Deputy PM	-	-	-	-	-	65,978	57,903	70,161	44,571
Political & Constitutional Reform	8,615	9,047	9,499	9,499	6,414	10,830	9,948	9,571	91,215
National Security	-	-	-	-	-	52,011	44,295	26,638	22,146
Efficiency and Reform	98,035	130,325	179,155	207,716	178,910	252,992	215,003	44,736	279,721
Government Innovation Group	-	-	-	-	-	-	-	179,906	-
Transactional Shared Services	-	-	-	-	-	-	-	1,673	-
Hosted Functions	2,511	2,726	2,748	2,620	2,175	1,286	1,411	1,341	1,367
Corporate Services Group	217,769	225,014	249,827	193,485	208,460	62,546	65,262	101,630	61,634
eNDPBs (NET)	-	-	-	-	-	1,313	1,367	1,105	1,127
Consolidated Fund Standing Services (CFSS)	6,018	15,929	6,941	100,023	104,397	1,849	1,831	2,000	122,175
Total Resource DEL	**332,948**	**383,041**	**448,170**	**513,343**	**500,356**	**448,805**	**397,020**	**438,761**	**623,956**
Of which:									
Staff costs	124,051	129,665	138,090	146,484	150,867	163,777	141,052	97,635	98,981
Purchase of goods and services	189,300	202,349	212,894	270,502	252,216	217,245	217,466	357,510	487,994
Income from sales of goods and services	-108,266	-89,724	-96,443	-88,423	-73,576	-127,805	-92,500	-103,798	-55,368
Current grants to local government (net)	525	1,744	1,677	1,915	613	92	962	-	-
Current grants to persons and non-profit bodies (net)	87,867	122,105	136,470	154,100	136,142	177,105	103,908	71,384	77,893
Subsidies to private sector companies	-	-	-	-	-	6,282	-	-	-

Subsidies to public corporations	195	-	-	-	-	-	-	-	-
Rentals	15,943	12,488	15,605	11,737	20,122	17,863	31,581	-	-
Depreciation 1	25,478	9,451	35,516	10,514	10,565	8,122	7,240	17,000	15,000
Other resource	-2,145	-5,037	4,361	6,514	3,407	-13,876	-12,689	-970	-544
Resource AME									
Corporate Services Group (AME)	1,228	-2,039	-1,152	6,049	67	5,119	-32,193	4,866	4,942
Total Resource AME	**1,228**	**-2,039**	**-1,152**	**6,049**	**67**	**5,119**	**-32,193**	**4,866**	**4,942**
Of which:									
Staff costs	-	-	-	-	-	2	-	-	-
Depreciation 1	-	-	-	6,845	895	1,587	3,655	7,587	4,942
Take up of provisions	3,204	568	1,600	1,635	757	13,022	-221	300	-
Release of provision	-1,958	-2,720	-3,875	-2,432	-2,543	-9,445	-4,062	-3,021	-
Other resource	-18	113	1,123	1	958	-47	-31,565	-	-
Total Resource Budget	**334,176**	**381,002**	**447,018**	**519,392**	**500,423**	**453,924**	**364,827**	**443,627**	**628,898**
Of which:									
Depreciation 1	-	9,451	35,516	17,359	11,460	9,709	10,895	24,587	19,942
Capital DEL									
Support to the Cabinet, the PM & the Deputy PM	-	-	-	-	-	1,604	1,798	-	-
Political & Constitutional Reform	-	-	-	-	-	-	2,290	11,000	-
National Security	-	-	-	-	-	-1,832	-41	-	-
Efficiency and Reform	8,473	16,963	30,608	94,053	75,742	12,335	4,417	450	10,000
Government Innovation Group	-	-	-	-	-	-	-	15,238	-
Corporate Services Group	23,120	17,307	10,666	9,852	11,505	5,334	6,589	7,812	10,500
Total Capital DEL	**31,593**	**34,270**	**41,274**	**103,905**	**87,247**	**17,441**	**15,053**	**34,500**	**20,500**
Of which:									
Capital support for local government (net)	10,554	5,268	13,293	12,191	7,102	-	-20	-	-
Capital grants to persons & non-profit bodies (net)	8,384	16,813	22,871	53,631	38,206	-	-8,084	-	-

Capital grants to private sector companies (net)	-	-	-	22,434	23,208	10,840	7,963	15,000	10,000
Purchase of assets	21,856	18,986	10,648	15,486	13,507	8,552	14,886	19,282	10,520
Income from sales of assets	-98	-64	-10	-5,479	-	-134	-44,261	-	-
Net lending to the private sector and abroad	-22	-22	-28	642	224	58	424	218	-20
Other capital	-9,081	-6,711	-5,500	5,000	5,000	-1,875	44,145	-	-
Capital AME	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total departmental spending 3	**340,291**	**405,821**	**452,776**	**605,938**	**576,210**	**461,656**	**368,985**	**453,540**	**629,456**
Of which:									
Total DEL	339,063	407,860	453,928	606,734	577,038	458,124	404,833	456,261	629,456
Total AME	1,228	-2,039	-1,152	-796	-828	3,532	-35,848	-2,721	-

1 Includes impairments

2 Pension schemes report under FRS 17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items

3 Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Table 2 Outturn Year 2012-13

£'000

	2012-13 Original Plans		2012-13 Final Plans		2012-13 Estimated Outturn	
	Resource	Capital	Resource	Capital	Resource	Capital
Spending in Departmental Expenditure Limits (DEL)						
Voted expenditure	**407,354**	**20,626**	**425,432**	**23,174**	**395,189**	**15,053**
Of which:						
Support to the Cabinet, the PM & the Deputy PM	50,398	-	56,371	1,203	57,903	1,798
Political & Constitutional Reform	10,993	3,000	12,105	3,000	9,948	2,290
National Security	46,877	-	46,855	-	44,295	-41
Efficiency and Reform	226,264	8,876	223,848	12,768	215,003	4,417
Hosted Functions	1,368	-	1,926	-	1,411	-
Corporate Services Group	70,371	8,750	83,127	6,203	65,262	6,589
eNDPBs (NET)	1,083	-	1,200	-	1,367	-
Non-voted expenditure	**3,143**	**-**	**2,143**	**-**	**1,831**	**-**
Of which:						
Consolidated Fund Standing Services (CFSS)	3,143	-	2,143	-	1,831	-
Total Spending in DEL	**410,497**	**20,626**	**427,575**	**23,174**	**397,020**	**15,053**
Spending in Annually Managed Expenditure (AME)						
Voted expenditure	**5,480**	**-**	**5,480**	**-**	**-32,193**	**-**
Of which:						
Corporate Services Group (AME)	5,480	-	5,480	-	-32,193	-
Of which:						
Total Spending in AME	**5,480**	**-**	**5,480**	**-**	**-32,193**	**-**
Total	**415,977**	**20,626**	**433,055**	**23,174**	**364,827**	**15,053**
Of which: Voted expenditure	412,834	20,626	430,912	23,174	362,996	15,053
Non-voted expenditure	3,143	-	2,143	-	1,831	-

Table 2.1 Reconciliation between estimated and final outturn 2012-13

	£'000
RDEL 2012-13	
Provisional outturn per Table 2	**397,020**
Change: increase	5,406
Final Outturn per accounts per Figure 2 (a)	**402,426**
RAME 2012-13	
Provisional outturn per Table 2	**-32,193**
Change: increase	-3,286
Final Outturn per accounts per Figure 2 (a)	**-35,479**
CDEL 2012-13	
Provisional outturn per Table 2	**15,053**
Change: increase	1
Final Outturn per accounts per Figure 2 (b)	**15,054**

Table 3 Cabinet Office Capital Employed

£'000

	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Plans	2014-15 Plans
Assets and Liabilities on the statement of Financial Position at year end								
<u>Assets</u>								
Non-current assets								
Tangibles Property, plant and equipment								
of which:								
Land and Buildings	156,843	138,981	136,182	147,661	125,060	99,817	117,764	126,529
Dwellings	13,898	27,019	23,906	24,709	24,771	32,396	31,000	29,604
Information Technology	4,789	10,075	4,410	4,656	4,583	1,837	11,352	9,417
Plant and Machinery	3,530	2,988	2,078	1,720	1,530	938	416	-
Furniture and Fittings	663	328	176	313	535	523	383	243
Art and Antiques	10,239	10,289	10,252	12,231	10,584	9,733	9,733	9,733
Assets under construction (AUC)	30,620	3,756	4,545	8,093	8,794	16,849	5,000	5,000
PPE	**220,582**	**193,436**	**181,547**	**199,383**	**175,857**	**162,093**	**175,648**	**180,526**
Investment properties	-	-	-	-	-	62,265	2,265	2,265
Intangible assets	6,572	4,128	1,851	3,832	4,406	6,190	4,173	2,156
Interests in Joint Ventures	-	-	-	-	-	5,882	7,037	8,717
Other financial assets	392	364	1,006	1,228	1,403	1,404	1,764	2,204
Other non-current assets	-	-	2,077	411	354	-	-	-
Total non-current assets	**227,546**	**197,928**	**186,481**	**204,854**	**182,020**	**237,834**	**190,887**	**195,868**
Current assets	**97,612**	**33,907**	**40,402**	**131,056**	**143,420**	**62,276**	**117,586**	**169,846**
<u>Liabilities</u>								
Current Liabilities								
Trade and other payables	(115,874)	(58,302)	(52,003)	(177,395)	(169,779)	(95,600)	(76,911)	(175,411)
Provisions	-	-	-	-	(4,288)	(1,884)	(1,010)	(1,010)
Non-current liabilities								
Provisions	(3,189)	(4,072)	(3,941)	(6,240)	(13,036)	(10,829)	(10,020)	(9,210)
Other payables	-	(630)	-	-	-	-	-	-
Total Capital Employed	**206,095**	**168,831**	**170,939**	**152,275**	**138,337**	**191,797**	**220,532**	**180,083**
Of which:								
Core Department	**206,095**	**168,831**	**170,939**	**152,275**	**138,501**	**191,864**	**220,599**	**180,150**
eNDPB	**-**	**-**	**-**	**-**	**(164)**	**(67)**	**(67)**	**(67)**

Table 3 shows a breakdown of capital employed from 2007-08 to 2014-15. Outturn Figures are reported in the Audited published Cabinet Office Accounts. The years 2007-08 and 2008-09 are restated on an IFRS basis.

Table 4 Cabinet Office Administration budget 2006-07 to 2014-15

£'000

	2006-07 OUTTURN	2007-08 OUTTURN	2008-09 OUTTURN	2009-10 OUTTURN	2010-11 OUTTURN	2011-12 OUTTURN	2012-13 Estimated OUTTURN	2013-14 PLANS	2014-15 PLANS
Resource DEL									
Support to the Cabinet, the PM & the Deputy PM	-	-	-	-	-	63,500	53,086	44,134	42,982
Political & Constitutional Reform	5,109	5,365	5,633	5,633	4,163	3,699	3,730	3,948	3,509
National Security	-	-	-	-	-	17,523	15,423	15,639	14,598
Efficiency and Reform	4,099	4,875	33,445	31,867	24,647	48,992	43,600	21,453	51,378
Government Innovation Group	-	-	-	-	-	-	-	4,442	-
Transactional Shared Services	-	-	-	-	-	-	-	1,673	-
Hosted Functions	2,511	2,726	2,748	2,620	2,175	1,144	1,532	1,341	1,367
Corporate Services Group	158,696	149,866	170,479	153,157	170,529	50,568	63,672	101,630	61,634
eNDPBs (NET)	-	-	-	-	-	1,313	1,367	1,105	1,127
Total administration Budget	**170,415**	**162,832**	**212,305**	**193,277**	**201,514**	**186,739**	**182,410**	**195,365**	**176,595**
Of which:									
Staff costs	112,996	110,008	126,277	137,961	145,583	125,653	107,805	90,134	79,293
Purchase of goods and services	100,192	100,459	136,013	117,020	97,902	111,803	132,954	189,275	134,990
Income from sales of goods and services	-69,540	-68,530	-75,120	-84,490	-72,070	-62,061	-85,781	-102,574	-54,144
Current grants to local government (net)	-	-	-	-	-1	-	-	-	-
Current grants to persons and non-profit bodies (net)	14	-	-	-	-	-	-	-	-
Rentals	15,943	12,465	15,605	11,737	20,122	17,505	31,743	-	-
Depreciation	10,737	8,106	9,235	10,380	10,015	5,688	5,405	17,000	15,000
Other resource	73	324	295	669	-37	-11,849	-9,716	1,530	1,456

Table 5a Staff numbers for the Cabinet Office

	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Plans	2014-15 Plans
CS FTEs	1,279	1,242	1,531	2,216	1,663	1,596	1,533
Casuals (incl. short-term / fix term appointments	26	103	75	138	244	234	225
Special Advisers	38	34	35	47	48	45	45
Total Cabinet Office	**1,343**	**1,379**	**1,641**	**2,401**	**1,955**	**1,875**	**1,803**

Table 5b Staff numbers for the Cabinet Office

Grade	Pay Band	Full-time equivalents (FTEs)
Permanent Secretary	£141,800 - £277,300	5
SCS 3	£101,500 - £208,100	20
SCS 2	£82,900 - £162,500	49
SCS 1	£58,200 - £117,800	148
Total*		**222**

**Total includes 42 in the Office of the Parliamentary Counsel*

Table 6 - Cabinet Office total identifiable expenditure on services by country and region, 2007-08 to 2011-12

£'000

Cabinet office (excluding civil superannuation)	National Statistics 2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn
North East	18	18	25	24	15
North West	47	48	66	64	40
Yorkshire and the Humber	36	36	50	49	30
East Midlands	30	31	43	41	25
West Midlands	37	38	52	50	31
East	39	40	55	54	33
London	52	54	74	72	46
South East	57	58	81	79	48
South West	36	36	50	49	30
Total England	**353**	**359**	**496**	**482**	**297**
Scotland	21	20	17	19	11
Wales	13	11	15	16	6
Northern Ireland	7	7	6	6	4
UK identifiable expenditure	**394**	**397**	**535**	**523**	**318**
Outside UK	-	-	-	-	-
Total identifiable expenditure	**394**	**397**	**535**	**523**	**318**
Non-identifiable expenditure	19	43	51	42	142
Total expenditure on services	**413**	**440**	**586**	**566**	**461**

Table 7 - Cabinet Office total identifiable expenditure on services by country and region, per head 2007-08 to 2011-12

£ per head

Cabinet office (excluding civil superannuation)	National Statistics 2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn
North East	7	7	10	9	6
North West	7	7	9	9	6
Yorkshire and the Humber	7	7	10	9	6
East Midlands	7	7	10	9	6
West Midlands	7	7	9	9	6
East	7	7	10	9	6
London	7	7	9	9	6
South East	7	7	9	9	6
South West	7	7	10	9	6
England	7	7	9	9	6
Scotland	4	4	3	4	2
Wales	4	4	5	5	2
Northern Ireland	4	4	3	4	2
UK identifiable expenditure	**6**	**6**	**9**	**8**	**5**

Table 8 Cabinet Office total identifiable expenditure on services by function, country and region, for 2011-12

Data in this table are National Statistics

£'000

Cabinet office (excluding civil superannuation)	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK Identifiable expenditure	OUTSIDE UK	Total Identifiable expenditure	Not Identifiable	Totals
General public services																		
Executive and legislative organs, financial and fiscal affairs, external affairs	3	8	6	5	6	6	9	9	6	58	6	3	2	69	-	69	65	**134**
General services	9	25	19	16	20	21	29	31	19	188	-	-	-	188	-	188	77	**264**
General public services n.e.c.	0	1	1	1	1	1	1	1	1	9	1	1	0	11	-	11	-	**11**
Total general public services	**12**	**34**	**25**	**22**	**27**	**28**	**39**	**41**	**25**	**254**	**7**	**4**	**2**	**267**	**-**	**267**	**142**	**410**
Public order and safety																		
Public order and safety n.e.c.	2	6	4	4	5	5	7	7	4	43	4	2	1	51	-	51	-	**51**
Total Public order and safety	**2**	**6**	**4**	**4**	**5**	**5**	**7**	**7**	**4**	**43**	**4**	**2**	**1**	**51**	**-**	**51**	**-**	**51**
TOTAL CABINET OFFICE	**15**	**40**	**30**	**25**	**31**	**33**	**46**	**48**	**30**	**297**	**11**	**6**	**4**	**318**	**-**	**318**	**142**	**461**

CONSOLIDATED ACCOUNTS 2012-13

INTRODUCTION

I am pleased to present the Cabinet Office Accounts 2012-13 which have been authorised by me as Accounting Officer and audited and certified by the Comptroller and Auditor General. They include:

- Statement of Accounting Officer's Responsibilities which sets out my responsibilities for preparing the Accounts and for ensuring the regularity of financial transactions
- Governance Statement which is compliant with HM Treasury guidance
- Remuneration Report which details the salary, pension and compensation of Ministers and senior management
- Certificate and Report of the Comptroller and Auditor General to the House of Commons
- audited consolidated financial statements.

BASIS OF ACCOUNTS

The Cabinet Office Accounts have been prepared on a statutory basis in accordance with the requirements of HM Treasury and are designed to comply with generic Accounts Directions issued to departments by HM Treasury under section 5 (2) of the Government Resources and Accounts Act 2000.

AUDITORS

The financial statements are audited by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament on the audit examination. Auditors' remuneration and expenses are disclosed at Notes 7 and 8 to the Accounts. During the reporting year no payment was made to the auditors for non-audit work (2011-12: £Nil).

STATEMENT ON THE DISCLOSURE OF RELEVANT AUDIT INFORMATION

I hereby confirm that so far as I am aware, there is no relevant audit information of which the Cabinet Office's auditors are unaware and that I have taken all reasonable steps to ensure that I am aware of any relevant audit information and to establish that the Cabinet Office's auditors are aware of that information.

Richard Heaton CB
Permanent Secretary for the Cabinet Office. First Parliamentary Counsel and Accounting Officer

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Cabinet Office to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the department inclusive of its executive agencies and its sponsored non-departmental public body designated by order made under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2012 (S.I. 2012/717) & Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2012 (S.I. 2012/3135) (together known as the 'departmental group', consisting of the department and sponsored bodies listed at Note 32 to the accounts). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department and the departmental group and of the net resource outturn, the application of resources, changes in taxpayers' equity and cash flows of the departmental group for the financial year.

In preparing the accounts, the Accounting Officer of the Department is required to comply with the requirements of the *'Government Financial Reporting Manual'* and in particular to:

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental public bodies
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Permanent Head of the department as Accounting Officer of the Cabinet Office. The Accounting Officer of the Department has also appointed Clare Salters, Chief Executive, of its sponsored non-departmental public body, Civil Service Commission, as Accounting Officer of that body. Under her terms of appointment, the Accounting Officer of the Civil Service Commission is accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored body.

This appointment does not detract from the Head of Department's overall responsibility as Accounting Officer for the department's accounts.

The Accounting Officer of the department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the department or non-departmental public body for which the Accounting Officer is responsible, are set out in '*Managing Public Money'* published by HM Treasury.

GOVERNANCE STATEMENT

INTRODUCTION

The Cabinet Office's Governance Statement sets out the governance structures, internal control and risk management procedures that have operated within the Cabinet Office during the financial year 2012-13 and up to the date of the Approval of the Annual Report and Accounts, and in accordance with the HM Treasury guidance.

GOVERNANCE

MINISTERIAL RESPONSIBILITIES

Ministers lead departments and are responsible for and accountable to Parliament for the actions and policies of their departments. Boards, within the strategic framework set by the Minister, support the head of the department by advising ministers and taking ownership of the department's performance. Ministers and Board members are responsible for corporate governance that defines the rights and responsibilities of different stakeholders, determines rules and procedures for making decisions, and includes the process through which the department's objectives are set and monitored.

During the financial year 2012-13, the following changes to the Cabinet Office's Ministerial team were announced on the dates set out below. There were no changes in ministerial responsibilities resulting from machinery of government transfers of function.

4 September 2012
The Rt Hon. Andrew Lansley CBE MP was appointed as Leader of the House of Commons, Lord Privy Seal.

5 September 2012
Chloe Smith MP was appointed as Minister for Political and Constitutional Reform and Parliamentary Secretary.

The Rt Hon. David Laws MP was appointed as Minister of State jointly with the Department for Education.

The Rt Hon. Grant Shapps MP was appointed as Minister without Portfolio (Minister of State) and Co-Chairman of the Conservative Party.

10 September 2012
The Rt Hon. Kenneth Clarke QC MP was appointed as Minister without Portfolio (Minister of State).

7 January 2013
The Rt Hon. Lord Strathclyde retired from the Government and Lord Hill of Oareford CBE was appointed as the Leader of the House of Lords and Chancellor of the Duchy of Lancaster.

28 March 2013
The Prime Minister appointed John Hayes MP as Minister without Portfolio (Minister of State).

25 April 2013
Jo Johnson MP was appointed as Parliamentary Secretary after the financial year end.

MINISTERS

The Ministers who sat within the Cabinet Office during the year were:

The Rt Hon. Nick Clegg MP	Deputy Prime Minister and Lord President of the Council
The Rt Hon. Francis Maude MP	Minister for the Cabinet Office, Paymaster General
The Rt Hon. Oliver Letwin MP	Minister for Government Policy
Nick Hurd MP	Minister for Civil Society and Parliamentary Secretary
The Rt Hon. David Laws MP*	Minister of State jointly with the Department for Education *from 5 September 2012*
Mark Harper MP	Minister for Political and Constitutional Reform and Parliamentary Secretary *until 4 September 2012*
Chloe Smith MP	Minister for Political and Constitutional Reform and Parliamentary Secretary *from 5 September 2012*
The Rt Hon. Lord Strathclyde	Leader of the House of Lords and Chancellor of the Duchy of Lancaster *until 7 January 2013*
The Rt Hon. Lord Hill of Oareford CBE	Leader of the House of Lords and Chancellor of the Duchy of Lancaster *from 7 January 2013*
The Rt Hon. Sir George Young Bt MP	Leader of the House of Commons and Lord Privy Seal *until 3 September 2012*
The Rt Hon. Andrew Lansley CBE MP	Leader of the House of Commons and Lord Privy Seal *from 4 September 2012*
The Rt Hon. Baroness Warsi	Minister without Portfolio (Minister of State) not remunerated *until 3 September 2012*
The Rt Hon. Kenneth Clarke QC MP	Minister without Portfolio (Minister of State) *from 10 September 2012*
The Rt Hon. Grant Shapps MP	Minister without Portfolio (Minister of State) and Co-Chairman of the Conservative Party not remunerated *from 5 September 2012*
John Hayes MP	Minister without Portfolio (Minister of State) *from 28 March 2013*

**The Rt Hon. David Laws MP is remunerated by the Department for Education.*

Ministers' remuneration is disclosed within the Remuneration Report.

CABINET SECRETARY AND PERMANENT SECRETARY

The Cabinet Office is headed by a Permanent Secretary. During the year the post was held as follows:

Ian Watmore	Permanent Secretary for the Cabinet Office and Principal Accounting Officer *until 22 June 2012*
Melanie Dawes CB	Interim Permanent Secretary and Interim Principal Accounting Officer *until 5 August 2012*
Richard Heaton CB	Permanent Secretary for the Cabinet Office, First Parliamentary Counsel and Accounting Officer for the Cabinet Office *from 6 August 2012*

The post of Cabinet Secretary and Head of the Civil Service reside in Cabinet Office. During the year these posts were held as follows:

Sir Jeremy Heywood KCB, CVO	Cabinet Secretary
Sir Bob Kerslake	Head of the Civil Service

THE CABINET OFFICE BOARD

The Cabinet Office Board is responsible for:

- **Planning and Performance** – agreeing the Departmental Plan, especially the department's strategic aims and objectives and the allocation of human and financial resources to achieving them, and their public expression in the Business Plan; monitoring and steering performance against the Plan; scrutinising the performance of sponsored bodies; and setting the department's standards and values.

- **Strategy and Learning** – setting the vision / mission and ensuring all activities contribute towards it, either directly or through establishing a credible 'licence to operate'; long-term capability and horizon scanning, ensuring that strategic decisions are based on a collective understanding of policy issues; using expertise and outside perspectives to hold the department to account on its interaction with the 'real world'.

- **Resources and Change** – signing off large projects or programmes, or scrutinising those above the department's financial delegation prior to submission to the Treasury; drawing on advice from the Audit and Risk Committee, ensuring sound financial management including the operation of delegations and internal controls; ensuring that organisational design supports the attainment of strategic objectives; evaluation of the Board and its members, and succession planning.

- **Capability** – ensuring the department has the capability to deliver and to plan to meet current and future needs.

- **Risk** – drawing on advice from the Audit and Risk Committee, setting the department's risk appetite and ensuring that effective and proportionate controls are in place to manage risk.

Members of the Cabinet Office Board during the year were:

CHAIR

The Rt Hon. Francis Maude MP	Minister for the Cabinet Office, Paymaster General

EXECUTIVE MEMBERSHIP

Nick Hurd MP	Minister for Civil Society and Parliamentary Secretary
Chloe Smith MP	Minister for Political and Constitutional Reform and Parliamentary Secretary *from 5 September 2012*
Sir Jeremy Heywood KCB, CVO	Cabinet Secretary
Ian Watmore	Permanent Secretary for the Cabinet Office and Principal Accounting Officer *until 22 June 2012*
Melanie Dawes CB	Director General of Economic & Domestic Affairs Secretariat *Interim Permanent Secretary and Interim Principal Accounting Officer until 5 August 2012*
Richard Heaton CB	Permanent Secretary for the Cabinet Office, First Parliamentary Counsel and Accounting Officer for the Cabinet Office *from 6 August 2012*
Phillip Rycroft	Director General, Deputy Prime Minister's Office *from 28 May 2012*
Bruce Mann	Finance Director, Board Secretary
Sue Gray	Director General Propriety and Ethics and Head of Private Office Group

NON-EXECUTIVE MEMBERSHIP

Lord Browne of Madingley[1]	Lead Non-Executive Director for the Cabinet Office
Ian Davis	Non-Executive Board Member and Member of the Audit and Risk Committee
Rona Fairhead CBE	Non-Executive Board Member and Chair of the Audit and Risk Committee *on sabbatical from 1 July 2012 to 31 January 2013*
Dame Barbara Stocking DBE	Non-Executive Board Member, Member of Audit and Risk Committee and Acting Chair from 1 July 2012 to 31 March 2013

[1] *Lord Browne of Madingley is also the Government Lead Non-Executive Director*

PUBLIC INTEREST

Board Members

The Cabinet Office maintains a Register of Cabinet Office Board Members' Interests with details of company directorships and other significant interests held by Board members. Copies of the register are available on request. Copies are laid in the House of Commons Library from time to time.

House of Commons

The register of House of Commons Members' financial interests can be found at the link:
http://www.publications.parliament.uk/register of HOC members' interest

House of Lords

The register of Members of the House of Lords' Interests can be found at the link:
http://www.parliament.uk/register-of-lords-interests

Senior management remuneration is disclosed within the Remuneration Report.

BOARD ATTENDANCE

The Board met six times this year. Ministerial presence on and input to the Board was strengthened by the arrival of the Minister for Political and Constitutional Reform. The Corporate Governance Code requires that Board members' attendances are published in the Cabinet Office Annual Report and Accounts. Board meetings were attended by all members except for the following:

Date of Board meeting	Apologies
15 June 2012	Nick Hurd MP, Minister for Civil Society Ian Davis, Non-Executive Board Member Rona Fairhead CBE, Non-Executive Board Member
2 July 2012	None
5 October 2012	Dame Barbara Stocking DBE, Non-Executive Board Member Philip Rycroft, Director General of the Deputy Prime Minister's Office
17 December 2012	Ian Davis, Non-Executive Board Member
1 February 2013	Chloe Smith MP, Minister for Political and Constitutional Reform
22 March 2013	Chloe Smith MP, Minister for Political and Constitutional Reform Melanie Dawes, Director General of the Economic and Domestic Affairs Secretariat

Note: Rona Fairhead CBE, Non-Executive Board Member, took a sabbatical from Cabinet Office Board business between 1 July 2012 and 31 January 2013.

WORK OF THE CABINET OFFICE BOARD

The Cabinet Office Board forms the collective strategic and operational leadership of the department, bringing together its Ministerial and Civil Service leaders with senior non-executives from outside government.

A Board effectiveness evaluation, led by Lord Browne, was conducted on his behalf by internal audit and discussed at the Board meeting in July 2012. The evaluation concluded that the Audit and Risk Committee was working well; there was effective interaction between officials and Ministers; and Non-Executive Board Members felt able to ask questions and challenge, where appropriate. Further improvements were needed around strategic processes, including achieving greater strategic clarity and better management information, enabling the Board to track strategic performance delivery.

In response to the evaluation findings, a board forward programme was developed and reviewed at each meeting, and Lord Browne was, and continues to be, involved in developing agendas for each meeting, enabling the Board to focus its discussions on areas where the Non-Executives can add value. The format of the management information provided to the Board was also revised. The performance report focuses on a dashboard – which highlights areas of progress and delay in respect of delivery; the position on the management of strategic risk; and the department's financial position – and performance tracking information.

Board effectiveness evaluations are conducted annually and the recent evaluation recognised a marked improvement in arrangements and support for the Board, particularly in terms of risk management and in the quality of management information provided. The evaluation also identified further areas for action – providing increased opportunities for Non-Executive engagement; improving further the operation of the Board, including in improving the quality of Board papers; providing information between meetings; and in refreshing the Board induction programme – which will be taken forward over the coming year.

During the year, the Board's agenda included regular updates from the Chair of the Audit and Risk Committee and, on the Committee's recommendation, the Board discussed delivery risks associated with plans for reforming transformational shared services and the Electoral Registration Transformation Programme.

The Board also regularly reviewed progress on Civil Service reform, making suggestions for how the programme might be strengthened which are being taken into account as the work is being taken forward. A regular horizon-scanning slot provided an opportunity for Board members to be updated on recent developments and the priorities of key Board members and stakeholders.

As part of its programme of scrutinising new projects with a value of more than £5 million, the Board discussed risks associated with the National Citizen Service and how they were being addressed, and considered plans for the National Citizen Service Independent Management Body and the Centre for Social Action.

The Board reviewed the Permanent Secretary's plans to identify and address areas of potential departmental improvement, including plans to respond to the department's changing role and responsibilities, and discussed the department's contribution to the growth agenda. Actions that aim to promote UK growth were published in the department's Business Plan 2013-14.

The Board also discussed efficiency, welcoming a commitment that data on efficiencies would be robust and clear, and reviewed progress on the Major Projects Leadership Academy, suggesting possible ways of improving overall project management for consideration in further development of the MPLA and in determining success measures.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Departments are expected to apply the principles of the *Corporate governance in central government departments: code of good practice 2011* unless good governance can be achieved by other means, and are required to identify and explain areas where they have departed from the Code. Since January 2013 the Cabinet Office has been fully compliant with the Code. The Senior Pay and Talent Committee was reconstituted in January 2013, at which point the Board decided that the responsibilities that the Code suggests could be vested in a separate nominations and governance committee should be handled by the Senior Pay and Talent Committee and the Board. The Nominations Committee did not meet between April and December 2012. No other areas of non-compliance with the Code have been identified.

INDEPENDENT NON-EXECUTIVE MEMBERSHIP

The role of the Non-Executive Members of the Board is set out in the *'Enhanced Departmental Boards: Protocol'* which is published on the Cabinet Office website.

The Non-Executive Members of the Board (NEBM) exercise their role through influence and advice, supporting as well as challenging the executive. They advise on performance (including agreeing key performance indicators), operational issues (including the operational/delivery implications of policy proposals), and on the effective management of the department. They also provide support, guidance and challenge on the progress and implementation of the operational business plan, and in relation to recruiting, appraising and ensuring appropriate succession planning of senior executives. They form the committee responsible for Audit and Risk. To share best practice and to ensure that departments learn from the successes and failures of comparable organisations, they meet regularly with other non-executives across government.

CABINET OFFICE AUDIT AND RISK COMMITTEE

Purpose

The Cabinet Office Audit and Risk Committee (COARC) is a Board committee, supporting the Cabinet Office Board and Principal Accounting Officer by providing an independent view of the department's risk control and corporate governance arrangements, and assessing the comprehensiveness, reliability and integrity of those assurances.

Terms of reference

COARC advises the Board and Principal Accounting Officer on:

- Corporate governance processes inside the department, especially:
    - the identification of operational, financial and compliance risks
    - the development and effective application of proportionate internal controls at each level to mitigate and manage those risks
    - the development of the Governance Statement.
- the accounting policies, the accounts, and the Annual Report of the Cabinet Office, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors
- the planned activity and results of both internal and external audit
- the adequacy of management's response to issues identified by audit activity, including external audit's management letter
- assurances relating to the corporate governance requirements for the organisation
- anti-fraud policies, fraud reporting mechanisms, whistle-blowing processes, and arrangements for special investigations
- The Audit and Risk Committee also periodically reviews its own effectiveness and reports the results of that review to the Cabinet Office Board.

The Cabinet Office Audit and Risk Committee was chaired by Barbara Stocking from 1 July 2012 and met five times this year. Rona Fairhead chaired the Committee until 1 July 2012 and again from 1 April 2013. The Corporate Governance Code requires that COARC members' attendances are published in the Cabinet Office Annual Report and Accounts. COARC meetings were attended by all members except for the following:

Date of COARC meeting	**Apologies**
4 July 2012	None
9 October 2012	None
26 November 2012	None
30 January 2012	None
22 March 2013	Rona Fairhead CBE, Non-Executive Board Member

Notes: Rona Fairhead OBE, Non-Executive Board Member, took a sabbatical from Cabinet Office Board business between 1 July 2012 and 31 January 2013.

WORK OF THE AUDIT AND RISK COMMITTEE

The Cabinet Office Audit and Risk Committee's remit covers the Cabinet Office, Cabinet Office: Civil Superannuation and Returning Officers' Expenses for England and Wales. Separate Accounts are published for each of these, and each is audited separately, but all three have the same Principal Accounting Officer.

During the year the Committee reviewed a number of areas of the department's business, including reviews of the Cabinet Office Accounts for 2011-12 (and Governance Statement), and Returning Officers' Expenses Statement of Accounts 2011-12. The Committee recommended that both of these Accounts be put forward on an unqualified basis.

The Cabinet Office Accounts for 2011-12 were laid before Parliament in accordance with HM Treasury requirements but their agreement took longer than expected, largely because of complexity arising out of Machinery of Government transfers into the department. The Committee reviewed plans for the 2012-13 Accounts and work in hand to address lessons learned from the previous year, and received an interim update at the nine-month stage to gain assurance and discuss any issues.

The Cabinet Office: Civil Superannuation Accounts 2011-12 were qualified for two reasons: the regularity of benefit payments and the reasonableness of the pension liability. The qualification was on the basis that some service and salary documentary evidence, for validating the accuracy of some pension awards, could not be made available within the statutory timescales for publishing the accounts. The Committee reviewed the situation on an ongoing basis and is receiving regular reports from management on the implementation of a Records Improvement Action Plan.

The Committee reviewed progress on the Electoral Registration Transformation Programme and plans for the transfer of the Independent Shared Service Centre 2 operation from the Department of Work and Pensions to the Cabinet Office, recommending that each should be reviewed by the Cabinet Office Board. The Committee also reviewed a number of the department's strategic and operational risks.

The Committee commissioned Internal Audit Services to produce a report which identified lessons learnt from the MyCSP mutualisation programme, which is now being applied to relevant programmes. The Chair of the Audit Committee has regular dialogue and meetings with the Head of Internal Audit and the Deputy Finance Director to discuss key areas of governance in relation to the Committee's agenda. It also regularly reviews the internal audit work programme.

EXECUTIVE COMMITTEES

EXECUTIVE MANAGEMENT COMMITTEE

The Executive Management Committee (EMC) is responsible for the executive management of the department within the strategic framework established by ministers and the Cabinet Office Board. The EMC is responsible for supporting the Cabinet Office Board by considering detailed issues of the management of the department, including:

- planning
- budgeting
- performance
- people
- Corporate services.

The EMC was chaired by Ian Watmore, Permanent Secretary for the Cabinet Office and Principal Accounting Officer until 22 June 2012, and by Richard Heaton, Permanent Secretary for the Cabinet Office, First Parliamentary Counsel and Accounting Officer for the Cabinet Office from 6 August 2012. Melanie Dawes chaired the EMC as interim Permanent Secretary pending Richard Heaton's appointment.

APPROVALS BOARD

The Approvals Board is chaired by the Minister for the Cabinet Office, Francis Maude and it oversees the Cabinet Office's contribution to the government's objective of creating strong financial discipline at all levels of government and ensuring that public servants manage taxpayers' money wisely.

The Approvals Board scrutinises proposals for the significant deployment of the human and financial resources of the department to ensure that:

- in an era of constrained resources, they are aligned with the highest priorities of the government and of the department
- they secure best value for money
- where relevant, they exploit the knowledge and skills available not only within the department but also across Whitehall, especially where drawing in wider experience would enable the better achievement of objectives at lower cost
- they draw on best practice in relevant fields.

To that end, the Approvals Board scrutinises and approves against the tests set out above:

- all new items of proposed expenditure (resource, including administrative, programme and grant expenditure, and capital) of more than £100,000
- proposals for the filling of all vacancies and new posts, whether by redeployment within the department or by external recruitment
- all proposals exceeding £20,000 in value (VAT inclusive where relevant) for the employment of external resources of whatever nature, including consultancy, fee-paid contracts, legal advice,

specialist contractors, systems delivery (including ICT systems) and interim managers and agency staff

- all projects subject to the Major Projects Authority (MPA) Programme and Project Management (PPM) disciplines
- all new supply and service contracts with a lifetime value of greater than £1 million.

Very significant cases, or those raising issues of propriety and regularity, would go to the Permanent Secretary and Principal Accounting Officer of the Cabinet Office in advance of consideration by the Approvals Board. The Cabinet Office Board is invited to:

- approve investments of £5 million or above
- scrutinise and recommend to HM Treasury for approval investments above delegated thresholds.

NOMINATIONS AND GOVERNANCE COMMITTEE

The responsibilities that the *Corporate governance in central government departments: code of good practice 2011* suggests could be vested in a separate nominations and governance committee are handled in the Cabinet Office by the Senior Pay and Talent Committee and the Board, in line with the flexibility provided by the Code. Details of the Senior Pay and Talent Committee are set out below. The Board decided to retain a direct role in respect of governance, reflecting the cross-governmental roles of the Minister for the Cabinet Office and Lord Browne as Government Lead Non-Executive. In these circumstances, the Board agreed that there was no need for a separate nominations and governance committee.

SENIOR PAY AND TALENT COMMITTEE

The Senior Pay and Talent Committee was reconstituted in January 2013. The Committee provides assurance to the Cabinet Office Board and Audit and Risk Committee that systems for identifying and developing leadership and high potential of the most senior leaders are in place and that orderly plans for succession to top key posts exist.

The Committee is responsible for:

- Owning and driving the Cabinet Office Senior Talent strategy, ensuring it is closely aligned with the Cabinet Office corporate strategy.
- Deploying Cabinet Office SCS workforce to ensure talent is aligned with business priorities.
- Overseeing the assessment of capability and potential of SCS staff and agreeing actions to develop the SCS cadre.
- Agreeing nominations for senior talent programmes.
- Working across Whitehall to horizon-scan for future challenges and opportunities to develop the senior talent pipeline.
- Leading succession planning to senior posts in the Cabinet Office and the development of talent to ensure a strong pipeline to senior posts, including the talent pipeline into SCS posts.
- Agreeing approaches to recruitment, selection and remuneration to senior posts.
- As the senior pay committee, shaping and evaluating pay and reward strategy for SCS that is aligned with corporate and talent strategies.
- Forming and deciding the shape of the annual SCS pay remit, ensuring that it is aligned to departmental priorities.
- Overseeing the SCS performance management process and agreeing the amount and allocation

of end of year bonuses.
- Review the outcomes of talent identification practices below SCS and direct the development of high potential staff into future leaders.
- Evaluate senior talent management strategies, including their impact upon diversity.

The Senior Pay and Talent Committee is chaired by Richard Heaton, the Permanent Secretary, and its membership comprises the Cabinet Secretary; Ian Davis, one of the Non-Executive Board Members; the HR Director; and two Director Generals from across the department.

FINANCE AND INVESTMENT COMMITTEE

The Cabinet Office Finance and Investment Committee, which was chaired by Bruce Mann (Finance Director), supported the Cabinet Office Board and the Executive Management Committee by acting on their behalf on all issues of business planning and performance management until July 2012.

Following publication of the Civil Service Reform Plan, which identified the need for clear accountability for Accounting Officers throughout the development and delivery of a project, Richard Heaton as Accounting Officer signed off implementation plans for major projects. Remaining activity which was previously the responsibility of the Finance and Investment Committee is undertaken by the Accounting Officer, Finance Director and Executive Management Committee, as appropriate.

WORK OF INTERNAL AUDIT

The department's internal audit service is provided under a Service Level Agreement by the joint shared internal audit service, XDIAS – Cross Departmental Internal Audit Services. XDIAS provides internal audit and assurance services to seven central government departments and a range of Arm's Length Bodies.

XDIAS's work this year included the following:
- Providing advice and challenge in a validation review of the £5.5bn worth of government savings announced by ERG for 2011-12 and assurance on the validation process for 2012-13 savings.
- Supporting the Cabinet Office Lead NEBM on his evaluation of the Cabinet Office Board
- Reviewing the:
  - effectiveness of the department's governance and risk framework
  - workforce planning process
  - Cities Deal process
  - work of the Boundary Commission
  - data handling process within the Honours Secretariat
  - programme and project management process
  - assurance process for the Next Generation HR programme
- Examining Government Property Unit governance, risk and control framework.
- Providing on-going support to the Electoral Registration Transformation Project through attendance at its Programme Risk and Assurance Board.
- Testing the Cabinet Office's Gifts and Hospitality policy and controls on Physical Security.
- Testing the evidence underpinning Head of Group's declarations in the six monthly corporate compliance statements from the Government Digital Service.
- Key control testing within the department's core finance and HR processes.

INTERNAL AUDIT OPINION

XDIAS works in accordance with Government Internal Audit Standards. Their work is informed by its analysis of the risks to which the department is exposed and the annual audit plan is based on that analysis. The plans are discussed and endorsed by COARC. The Head of Internal Audit (HIA) annually provides an independent opinion on the adequacy and effectiveness of the department's governance, risk and control arrangements. The HIA's opinion for 2012-13 is that a substantial assurance can be placed on the department's arrangements for governance, risk and control.

RISK MANAGEMENT

During this year the Audit and Risk Committee reviewed the three types of risks faced by the department – strategic risks, risks to programmes and projects, and day-to-day operational risks in business units – and chose to review some of the strategic risks and risks arising from major programmes and projects. The Committee also reviewed a revised strategic risk assessment and proposed that, because of their significance, the Cabinet Office Board should review four of the strategic risks – crisis management; the effective deployment of resources, especially people; personal integrity; and the Electoral Registration Transformation Programme – (the others being: strategic foresight; leadership; engagement of Cabinet Office staff; policy and programme delivery; engagement with key stakeholders). The Board agreed the proposal and discussions took place or are scheduled in the Board forward programme. The Cabinet Office Board reviewed the position on the management of strategic risk at each of its meetings and, on recommendation from the Audit and Risk Committee, also reviewed delivery risks associated with major programmes. There is more work to be done on determining the Board's risk appetite.

The Audit and Risk Committee reviewed a number of these risks – including risks around crisis management of national emergencies, the Electoral Registration Transformation Programme – and measures in hand to manage them.

All Groups within the Cabinet Office are required to have in place a structured approach to managing risks. This includes maintaining risk registers and risk escalation, mitigation and communication processes. Guidance and example templates for risk registers are published on the department's intranet. At regular intervals, assurance is sought from each Group that risk management requirements are being complied with; this is supported by internal reviews of processes and practice.

To complement the risk management processes currently in place, a Risk Managers' Network was established in February 2013. The network meets twice a year and aims to facilitate a better understanding of, and consistent approach to, risk management across the organisation and allow the sharing of local developments, best practice and lessons learnt.

RISK MANAGEMENT IN DWP

The department continues to receive its finance, procurement and human resources transactional processes from the Department for Work & Pensions (DWP), under a shared services arrangement. An annual Letter of Assurance from DWP confirms that risk management is reviewed regularly and that appropriate controls are applied to ensure the integrity of Cabinet Office data which DWP are processing on behalf of the Cabinet Office.

DWP's Internal Audit Work Programme for Shared Services comprised 19 reviews across the 9 categories of: Strategy, Governance, Financial, Legal and Crime, Change, Customer service & Operational, Information, Communication and People and is designed to provide sufficient coverage for Shared Services to provide an assured service to clients of which Cabinet Office is one.

The Accounting Officer receives a letter of assurance from the DWP's Accounting Officer, covering the services which DWP provide to the Cabinet Office. The letter of assurance for 2012-13 provides 'acceptable' assurance over control risks.

An extract from the letter is reproduced below:

"Shared Services have been working to address the "significant control challenges[1]" declared in last year's Letter of Assurance in addition to new risks and issues raised by internal control monitoring, DWP Internal Audit and NAO during 2012-2013.

In last year's Letter we included the risk around a lack of strategic direction impacting the delivery and development of DWP Shared Services. In November 2012, Shared Services was informed that as from 1st April 2013, accountability for the Shared Services organisation would transfer to Cabinet Office. This would be followed by a transformation period that would enable the move to Shared Services Connected Limited (SSCL, formerly ISSC2). A Project Steering Committee was set up with attendees from DWP, Shared Services and Cabinet Office to oversee the de-coupling from DWP and the coupling to Cabinet Office.

The main issues facing Shared Services during 2012-2013 were around Information Security, specifically [Resource Management] User Access and RM Auditable activity. Although a lot has been done to address these concerns, a significant piece of work is required to fully resolve the RM user access issues and we need to work with DWP suppliers to ensure activities on ATAS are provided in accordance with agreements.

Shared Services has continued to focus upon maintaining service delivery levels to its client base whilst implementing a significant number of changes and managing the immediate implications and impacts of the transfer to the Cabinet Office and de-coupling from DWP. In delivery of a demanding change agenda, a continuing challenge has been, and will continue to be, securing delivery of robust, effective and supportive IT systems and infrastructures, including the key dependency upon the capacity and capability of DWP IT/Suppliers, Shared Services Change and the Service Lines."

[1]***Significant Control Issues – Guidance on Definition*** *(extract from HM Treasury document Managing Public Money – Annex 4.15)*

- *Might the issue seriously prejudice or prevent achievement of a PSA target?*
- *Could the issue have a material impact on the accounts?*
- *Could the issue divert resources from another important aspect of the business?*
- *Does the Audit Committee advise it as significant?*
- *Does internal or external audit regard it as significant?*
- *Could the issue, or its impact, attract significant public interest, or seriously damage the reputation of the organisation?*

RISK MANAGEMENT IN FINANCE SHARED SERVICES DIVISION IN DCLG

The department continues to receive financial services from the Elections Claim Unit from DCLG under a shared services arrangement. An annual Letter of Assurance from DCLG confirms that risk management is reviewed regularly and that appropriate controls are applied to ensure the integrity of Cabinet Office data which DCLG are processing on behalf of the Cabinet Office.

The Accounting Officer receives a letter of assurance from the DCLG's Accounting Officer, covering the services which DCLG provide to the Cabinet Office. The letter of assurance for 2012-13 states that no Significant Control Issues have been identified. It also confirms that, "specifically for services provided to CO by FSSD, all key controls are in place for the following and have been applied:

- All expenditure / income has been recorded and properly spent / received with regard to propriety and regularity.
- The expenditure / income spent and received comply with law and all relevant regulations.

- Expenditure has been properly classified.
- There have been no breaches of delegated financial authority.
- Controls are in place to ensure that CO assets are safeguarded against unauthorised use or disposal.
- There are adequate control procedures in place to guard against fraud.
- A process is in place to record all losses and special payments, however none have been required for CO transactions.
- There have been no instances of loss resulting from a weakness in internal financial control."

FRAUD, ERROR AND DEBT

The Cabinet Office's fraud policy, available to all staff via the intranet, requires staff at all times to act honestly, with integrity and to safeguard the public resources for which they are responsible. The Cabinet Office views fraud and negligence very seriously and will take appropriate disciplinary and legal action against anyone found guilty of either. Cases of suspected or actual fraud are reported to the Audit and Risk Committee.

The Cabinet Office contributes fully to the intra-governmental fraud information and intelligence capability. The Counter Fraud Champion and two Alert System Co-ordinators continue to work with a departmental-wide network of contacts to facilitate the quick and comprehensive identification and dissemination of appropriate information.

During 2012-13, a Fraud Awareness Survey was conducted to gauge the level of fraud awareness across the Organisation. The results indicated that, as an organisation, there were gaps in understanding of the risk of fraud and in our capability to detect and eradicate fraud.

To reinforce the importance of beating fraud, the Minister for the Cabinet Office launched a Fraud Awareness campaign in September 2012 with a week of activities designed to promote fraud awareness and to encourage completion of the mandatory cross-government Civil Service Learning Counter Fraud e-learning package.

The Cabinet Office Counter-Fraud and Corruption policy and guidance were revised and updated. To facilitate staff reporting of suspected Fraud, a fraud hotline and e-mail inbox were established and advertised.

In March 2013, the Cabinet Office participated in the National Fraud Initiative (NFI) run by the Audit Commission. Payroll and supplier data was matched with similar data from a wide range of organisations across the public sector. Data matches are being reviewed to ascertain whether matches are legitimate or recovery action needs to be taken. Two duplicate payments have already been identified and are being recovered.

The department conducted a self-assessment using HM Treasury's Toolkit for Managing the Risk of Financial Loss. Internal Audit reviewed the reasonableness of conclusions and the adequacy of the supporting evidence driving them regarding the risk of financial loss. As a result of the IA comments the department is collating additional evidence in support of the self-assessment.

INFORMATION RISK, INFORMATION HANDLING AND PROTECTIVE SECURITY

The Cabinet Office holds personal data primarily relating to its own employees; members of the Principal Civil Service Pensions Scheme; those who have been nominated for honours, gallantry awards, appointments etc.; Civil Service Internships; and those members of the public who have participated in various Cabinet Office sponsored initiatives. During the year the department continued to work hard with its delivery partners and third party providers to obtain assurances over the management of the personal data held on its behalf.

As part of a rolling programme of audits the department continued to assess its compliance against all the mandatory requirements contained in the Security Policy Framework (SPF), including an in-depth review of the extensive controls established by the department in order to meet the physical security requirements of the SPF. For information risk the department undertook a self-assessment exercise against the Information Assurance Maturity Model, with the department's internal audit service providing independent challenge. This exercise confirmed that the department remains compliant with the SPF but identified a small number of issues where some further work might prove beneficial; this will be undertaken during 2013-14. Importantly, no significant control weaknesses or areas of work requiring urgent/immediate attention were identified.

During 2012-13 the department incurred one loss of Personal Information which was reported to the Information Commissioner's Office (ICO). Further information can be found in the Management Commentary - Corporate Information.

During 2012-13 the department established a Security Working Group (SWG), supported by an external Communications-Electronics Security Group (CESG) Listed Advisor Scheme consultant, whose role was to exercise oversight and scrutiny of the security elements of the work to establish MYCSP as a Joint Mutual Venture as that work progresses toward final accreditation. The SWG ensures that the controls deployed are appropriate for the data sensitivity and risk and fully adhere to the HMG Security Policy Framework and to all of the CESG Information Assurance standards and other relevant CESG Good Practice Guides and other guidance. Other work undertaken which included on-going work to review and update as and where necessary the department's Information Policies and procedures and its protective security requirements. Work on scoping and planning the implementation of the new Government Security Classification policy began towards the end of the financial year.

The security of the data held on the department's corporate IT network (Flex) continued to be maintained in line with relevant security accreditation. Non-corporate IT systems continued to comply with the service-wide security requirements through restrictions on the movement and transmission of data.

The department continued to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvements of its systems.

MACHINERY OF GOVERNMENT CHANGES

There were no Machinery of Government changes during financial year 2012-2013. Machinery of Government changes after the reporting period are listed in the Events after the Reporting Period section.

ARM'S LENGTH BODIES

The Accounting Officer takes assurance from the Governance Statements produced by the Civil Service Commission and the Government Procurement Service. Both are subjected to the department's normal financial auditing procedures and practices as well as scrutiny by both internal and external audit; there were no concerns.

OVERSIGHT OF LOCAL RESPONSIBILITIES

The Cabinet Office makes a number of direct grant awards, principally to organisations in the voluntary, community and social enterprise sector, and funds a number of grant schemes delivered through partners such as the Big Lottery Fund, which is an executive non-departmental public body of the Department for Culture, Media and Sport, for which the Minister for the Cabinet Office has some responsibility as set out at Note 32.1 to the Accounts.

Grants are distributed on the basis of the Coalition Government's stated priorities, in particular around the building of the Big Society. This includes delivery of commitments such as the National Citizen Service.

For direct awards, the Cabinet Office issues each grant recipient with a formal grant offer letter and associated terms and conditions of grant. Payment of grants is done in instalments based on the grant recipient fulfilling the terms and conditions of grant payment and on satisfactory progress in achieving the outcomes of the grant award. Regular but proportionate monitoring of progress is undertaken by named policy officials, in conjunction with Cabinet Office finance teams. Spend across all grant programmes is monitored on a monthly basis through the established Cabinet Office financial reporting and scrutiny processes.

Some direct grants are awarded on the basis of competition between potential recipients, to ensure value for money and that the objectives of the Government can be appropriately delivered. In some limited cases grant awards are made without a competitive process, where the recipients' objectives and programme of work already align with the Government's objectives for grant funding.

For a number of larger grant programmes, the Cabinet Office works through a delivery partner, rather than administering the grant in-house. This is achieved in two key ways. The Cabinet Office has in some cases tendered through open competition for a delivery partner. Following competition a grant administrator is appointed and runs the scheme under contract to the Cabinet Office. Through the contracting arrangements the Cabinet Office monitors the performance and progress of the grant administrator in carrying out its functions in relation to grant competitions and awards, organisation verification, grant set up and payments and grant monitoring. A management fee is payable for these services and the Cabinet Office passes on grant funding, which the grant administrator distributes to the successful grant recipients.

In other cases the Cabinet Office works through the Big Lottery Fund to deliver funds as part of the sponsorship role the Cabinet Office holds in relation to Big Lottery Fund as a Non-Departmental Public Body. The Cabinet Office and Big Lottery Fund work jointly to develop the fund and Big Lottery Fund provide the grant administration role as set out in agreed schedules of work. Funds are paid to Big Lottery Fund by way of grant funding to the NDPB to cover costs and grant awards. The Cabinet Office takes assurance from the fact that Big Lottery Fund has the duty to ensure that there is propriety and regularity in the handling of all public funds in accordance with the Non-Departmental Public Bodies' Accounting Officers' memorandum issued by the Treasury and published in 'Managing Public Money', and with the Financial Directions issued to Big Lottery Fund from time to time by the Secretary of State for Culture, Media and Sport under Section 26(3) of the National Lottery etc. Act 1993.

EVENTS AFTER THE REPORTING PERIOD

The following events occurred between 31 March 2013 and 17 July 2013, the point at which these accounts were authorised for issue by the Accounting Officer.

Machinery of government transfer of function – Royal Mail Statutory Pension Scheme

With effect from 1 April 2012 and under the provisions of the Postal Services Act 2011, the Government assumed responsibility for both the Royal Mail Pension Plan (RMPP) deficit and the majority of the plan's liabilities. This was achieved through the establishment in BIS of a new unfunded pension scheme - the Royal Mail Statutory Pension Scheme.

Concerns about efficiency of the size of the RMSPS scheme management and the resilience of a small management team, led to a review of where the scheme would best sit within government. The review concluded that the future of the scheme and its membership would be best served by moving the scheme to the Cabinet Office to be run alongside the Principal Civil Service Pension Scheme. (PCSPS).

Consequently, from 1 April 2013 the Cabinet Office assumed responsibility for the Scheme management and administration with a budget of £8.5 million in resource administration expenditure.

Machinery of government transfer – Youth Policy

On 3 July 2013 a machinery of government change was announced whereby, cross-cutting responsibilities for youth policy will transfer from the Department for Education to the Cabinet Office which will lead for the Government on: cross-government youth strategy and policy co-ordination; management of the statutory duty on Local Authorities for youth provision in their areas; and, strategic relationship management with young people and youth sector organisations on policy development.

Other transfer – Transactional Shared Services

Accountability for the provision of IT, employee and financial transactional services to other public sector bodies transferred from the Department for Work and Pensions resulting in an increase in resource administration income and expenditure of £47.310 million.

As a result of various investigations and recommendations relating to the sharing of back office functions across government, an initiative is underway to set up a second Independent Shared Service Centre (ISSC2). The business case demonstrated that the best value for money delivery model for ISSC2 will be a Joint Venture partnership between Government and a Private Sector Partner.

Following the publication of the Next Generation Shared Services Strategy (NGSS) in December 2012, DWP Shared Services was identified as a founding member of the ISSC2 programme. As a first step towards this, the accountability for the current Department for Work and Pensions (DWP) Shared Service Centre (SSC) transferred on 1 April 2013 to the Cabinet Office.

In order to support this activity, the Permanent Secretaries have agreed that current arrangements for accommodating and servicing the SSC will remain for the time being, with DWP adopting a role as a supplier of services to the Cabinet Office and that staff will remain DWP employees.
Formal frameworks have been put in place to assure the services exchanged between DWP and the SSC, and services in both directions will be subject to a commercial regime. The respective Accounting Officers have agreed that the Cabinet Office Accounting Officer will be accountable for the strategic direction of Shared Services and for the overall delivery of services to all clients; and that the DWP Accounting Officer will retain accountability for the staff of the SSC, as they remain employees of DWP; and the services provided by DWP in support of the SSC in line with the specific supplier arrangements contained within an agreed Memorandum of Understanding (MOU).

Richard Heaton

Richard Heaton CB
Permanent Secretary Cabinet Office,
First Parliamentary Counsel and
Accounting Officer

12 July 2013

REMUNERATION REPORT

REMUNERATION OF MINISTERS AND CABINET OFFICE SENIOR MANAGEMENT

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Government announced in May 2010 a two year pay freeze for public sector workers earning over £21,000. As such Senior Civil Servants entered a two year pay freeze from 1 April 2011 and exited it in April 2013. The Government also announced in May 2010 that future non-consolidated awards will be restricted to the top 25% of Senior Civil Servants and non-consolidated awards for 2011-12 were paid in-line with this policy.

Performance related non-consolidated awards are paid one year in arrears and the pay reported and paid in 2012-13 has been earned in the financial year of 2011-12.

The performance management system for senior civil servants is common across all government departments. Pay awards are made in two parts: non-consolidated variable payments, which are used to reward members of staff who demonstrate exceptional performance, and base pay progression, to reward growth in competence. The size of awards is based on recommendations from the Review Body on Senior Salaries and in 2012-13 non-consolidated awards paid to the senior civil servants disclosed in this report ranged from £10,000 to £15,000.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975. In reaching its recommendations, the Review Body is to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention of staff
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the Government's departmental expenditure limits
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at www.ome.uk.com

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Audited Information

The following tables detailing Ministers' and Senior Management's salary and pension entitlements have been audited.

REMUNERATION (INCLUDING SALARY) AND PENSION ENTITLEMENTS

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board members and Permanent Secretaries) of the department.

REMUNERATION (SALARY AND BENEFITS IN KIND)

MINISTERS	2012-13		2011-12	
	Salary	Benefits in kind	Salary	Benefits in kind
	£	(to nearest £100)	£	(to nearest £100)
The Rt Hon. Nick Clegg MP Deputy Prime Minister and Lord President of the Council	68,827	–	68,827	–
The Rt Hon. Francis Maude MP Minister for the Cabinet Office, Paymaster General	33,002	–	33,002	–
The Rt Hon. Oliver Letwin MP Minister for Government Policy	33,002	–	33,002	–
Nick Hurd MP Minister for Civil Society and Parliamentary Secretary	23,697	–	23,697	–
Mark Harper MP Minister for Political and Constitutional Reform and Parliamentary Secretary *until 4 September 2012*	10,138[1]	–	23,697	–
Chloe Smith MP Minister for Political and Constitutional Reform and Parliamentary Secretary *from 5 September 2012*	11,849[2]	–	–	–
The Rt Hon. Lord Strathclyde Leader of the House of Lords and Chancellor of the Duchy of Lancaster[3] *until 7 January 2013*	130,899[4] (Includes Lords Office Holders' Allowance £27,959 and miscellaneous payment of 25,260)	–	137,404 (Includes Lords Office Holders' Allowance £36,366)	–
The Rt Hon. Lord Hill of Oareford, CBE Leader of the House of Lords and Chancellor of the Duchy of Lancaster *from 7 January 2013*	24,986[5] (Includes Lords Office Holders' Allowance £8,407)	–	–	–
The Rt Hon. Sir George Young Bt MP Leader of the House of Commons and Lord Privy Seal *until 3 September 2012*	14,026[6]	–	33,002	–
The Rt Hon Andrew Lansley CBE MP Leader of the House of Commons, Lord Privy Seal *from 4 September 2012*	16,501[7]	–	–	–
The Rt Hon Kenneth Clarke QC MP Minister without Portfolio (Minister of State) *from 10 September 2012*	18,426[8]	–	–	–

1 Figure quoted is for a period of service from 1 April 2012 until 4 September 2012. The full year equivalent is £23,697. Following the convention of paying salary in full for the month of departure, the Cabinet Office has paid and accounted for his salary for the period 1 April 2012 to 30 September 2012 in the amount of £11,849; this includes £1,711 which covers his period of service from 5 to 30 September 2012 at the Home Office.

2 Figure quoted is for the period 1 October 2012 to 31 March 2013. The full year equivalent is £23,697

3 The Cabinet Office has reimbursed travel expenses incurred on Cabinet Office business in the amount of £4,611 (2011-12: £8,338)

4 Figure quoted is for the period 1 April 2012 to 7 January 2013. The full year equivalent is £137,404 including Lords Office Holders' Allowance of £36,366

5 Figure quoted is for the period 7 January 2013 to 31 March 2013. The full year equivalent is £137,404 including Lords Office Holders' Allowance of £36,366

6 Figure quoted is for the period 1 April 2012 to 3 September 2012. The full year equivalent is £33,002

7 Figure quoted is for the period 4 September 2012 to 31 March 2013. The full year equivalent is £33,002

8 Figure quoted is for the period 10 September 2012 to 31 March 2013. The full year equivalent is £33,002

DISCLOSURE OF SALARY, PENSION AND COMPENSATION INFORMATION

SENIOR MANAGEMENT	2012-13			2011-12		
	Salary	Bonus Payments	Benefits in kind	Salary	Bonus Payments	Benefits in kind (Restated)
	£000	£000	To nearest £100	£000	£000	To nearest £100
Sir Jeremy Heywood KCB, CVO Cabinet Secretary	185-190	–	83,900[1]	160-165	15-20	88,200[1,2]
Richard Heaton CB Permanent Secretary Cabinet Office, First Parliamentary Counsel and Accounting Officer	155-160	–	300	25-30 (150-155 Full year equivalent)	–	–
Philip Rycroft Director General, Deputy Prime Minister's Office *from 28 May 2012*	115-120 (140-145 Full year equivalent)	–	11,800	–	–	–
Ian Watmore Permanent Secretary for the Cabinet Office and Principal Accounting Officer *until 22 June 2012*	75-80[3]	–	2,600	140-145	–	15,300
Sue Gray Director General Propriety and Ethics and Head of Private Office Group	105-110[4]	–	200	90-95	10-15	–
Melanie Dawes Director General, Economic and Domestic Affairs Secretariat	125-130	–	300	30-35 (120-125 Full year equivalent)	–	–
Bruce Mann Finance Director, Board Secretary	105-110	10-15	–	105-110	10-15	–
Mark Ivan Rogers Prime Minister's adviser and Head of the European and Global Issues Secretariat	140-145	–	27,300	60-65 (140-145 Full year equivalent)	–	5,400
Kim Darroch Head of National Security Affairs Secretariat	170-175	–	48,900	25-30 (170 -175 Full year equivalent)	–	–
Mr Jonathan Stephen Day Chairman of the Joint Intelligence Committee and Head Joint Intelligence Organisation	140-145	–	300	–	–	–

Disclosures above represent the salary paid in respect of their role as a Board Member or as a Permanent Secretary, and may not be the same as the periods employed by the Department.

[1] The car is a shared resource between the Cabinet Secretary and the Head of the Civil Service. Ministers and civil servants in the Cabinet Office and No 10 also use the car on a regular basis. The Cabinet Secretary uses the car predominantly for home to office journeys. The Head of the Civil Service uses the car predominantly for home to office journeys and journeys between the Cabinet Office and Eland House, and the benefit-in-kind arising is £82,900.

[2] Following the publication of the 2011-12 Annual Report and Accounts, owing to an administrative error, the Benefit in Kind has been revised. The amount now disclosed has been declared to HM Revenue and Customs.

[3] Includes £43,045 compensation in lieu of notice; 3 months salary of £35,625 and £7,420 payment in respect of loss of pension.

[4] Private Secretary Allowance of £6,042 was paid in addition.

PAY MULTIPLES

	2012-13	2011-12
Band of highest paid director's Total Remuneration (£000)	£270-275	£265-270
Median Total Remuneration	£44,743	£36,614
Ratio	6.12	7.31

Reporting bodies are required to disclose the relationship between the remuneration of the banded highest-paid director in their organisation and the median remuneration of the organisation's workforce. The median is the mid-point of the remuneration of the organisation's workforce.

The midpoint of the banded total remuneration of the highest-paid director in the Cabinet Office in the financial year 2012-2013 was **£274,000** (2011-12:**£267,500**). This was **6.12** times (2011-12:**7.31**) the median remuneration of the workforce, which was **£44,743** (2011-12**:£36,614**).

In 2012-13, no (2011-12:none) employees received remuneration in excess of the highest-paid director. Remuneration ranged from **£16,807** to **£273,942** (2011-12:**£16,641** to **£267,500**).

Total remuneration of the highest paid director includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The pay multiples (ratio) is calculated by taking the highest paid director and remuneration of the full-time equivalent staff of the Cabinet Office at the reporting period end date on an annualised basis. The purpose of this calculation is to allow some comparability over time and across the public sector and private sector, where similar disclosures of Chief Executive remuneration and pay multiples are made. However, the comparison should be treated with caution given the different services provided, workforce skills, geographical locations and organisational structures. A balance is therefore considered in analysing and supporting narrative to give sufficient explanation and justification to ensure users can understand the intricacies of the Cabinet Office's pay policy. Staff costs Note 6 discloses termination benefits and fees paid to agencies for temporary staff. These have not been included in the computation of pay multiples.

There has been a decrease in the ratio of the year on year variance from **7.31** in 2011-12 to **6.12** in 2012-13 of top to median staff remuneration of the workforce. This is mainly attributable to the following:

- the highest paid director did not receive a bonus therefore the total remuneration remained stable
- a pay freeze was still in place for the Cabinet Office which meant the remuneration did not increase.

DISCLOSURE OF SALARY, PENSION AND COMPENSATION INFORMATION FOR 2012-13

SALARY

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£65,738 from 1 April 2010) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

BENEFITS IN KIND

The monetary value of benefits in kind covers any benefits provided by the Department and treated by the HM Revenue and Customs as a taxable emolument; those for senior officials primarily relate to the private use of official cars and additionally home to work transport, dress hire and purchase of newspapers in the circumstances permitted by the Civil Service Management Code.

BONUSES

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses reported in the accounts are those paid in year relating to prior year's performance. Bonuses are not accrued or provided for at 31 March since the appraisal process is not complete until summer. This is consistent with accounting treatment in previous financial years. The bonuses reported in 2012-13 relate to performance in 2011-12 and the comparative bonuses reported for 2011-12 relate to the performance in 2010-11.

COMPENSATION FOR LOSS OF OFFICE

There were no cases of compensation for loss of office during the reporting year.

FEES PAID TO NON-EXECUTIVE BOARD MEMBERS

Non-Executive Board Members (NEBM) have been offered a fee of £15,000 a year in line with the Bank of England Non-Executive Directors of Court. The role of Lead NEBM and the role of chair of the audit committee will each attract an additional £5,000 a year. Individuals may waive all or part of their fee. The estimated annual time commitment is likely to be around 12-15 days including a strategy away day. Board members may claim their fees as and when preferred and therefore fees paid and fee entitlement may differ in the table below. Claimed fees are included within wages and salaries costs at Note 6 to the Accounts.

Lord Browne of Madingley as a lead non-executive board member of the Cabinet Office and Government Lead Non-Executive Director has agreed that he will not be paid a fee in respect of this appointment. Ian Davis and Dame Barbara Stocking DBE are non-executive board members and members of the Audit and Risk Committee. They are each entitled to receive a fee of £15,000 per annum. Ian has waived his entire fee. Rona Fairhead is non-executive board member and Chair of the Audit and Risk Committee. She is entitled to receive a fee of £20,000 per annum. Rona has waived her entire fee.

		2012-13	2011-12
NON-EXECUTIVE BOARD MEMBERS	**Fee Entitlement**	**Fees Paid**	**Fees Paid**
	£	**£**	**£**
Lord Browne of Madingley Lead Non-Executive Board Member and Government Lead Non-Executive Director	20,000	Waived	Waived
Ian Davis Non-Executive Board Member and Member of Audit and Risk Committee	15,000	Waived	Waived
Rona Fairhead CBE Non-Executive Board Member and Chair of the Audit and Risk Committee *on sabbatical from 1 July 2012 to 31 January 2013*	20,000	Waived	Waived
Dame Barbara Stocking DBE Non-Executive Board Member, Member of Audit and Risk Committee and Acting Chair from 1 July 2012 to 31 March 2013	15,000	18,750[1]	11,250

[1] *The fees paid to Dame Barbara Stocking DBE in 2012-13 includes £3,750 in respect of her fee entitlement from 2011-12*

PENSION BENEFITS

MINISTERS	Accrued pension at age 65 as at 31/03/2013	Real increase in pension at age 65	CETV at 31/03/2013[2]	CETV at 31/03/2012[1]	Real increase in CETV
	£000	£000	£000	£000	£000
The Rt Hon. Nick Clegg MP Deputy Prime Minister and Lord President of the Council	0-5	0-2.5	43	26	9
The Rt Hon. Francis Maude MP Minister for the Cabinet Office, Paymaster General	5-10	0-2.5	152	135[3]	6
The Rt Hon. Oliver Letwin MP Minister for Government Policy	–	–	–	–	–
Nick Hurd MP Minister for Civil Society and Parliamentary Secretary	0-5	0-2.5	25	17	4
Mark Harper MP[4] Minister for Political and Constitutional Reform and Parliamentary Secretary *until 4 September 2012*	0-5	0-2.5	17	14	1
Chloe Smith MP Minister for Political and Constitutional Reform and Parliamentary Secretary *from 5 September 2012*	0-5	0-2.5	13	10	1
The Rt Hon. Lord Strathclyde Leader of the House of Lords and Chancellor of the Duchy of Lancaster *until 7 January 2013*	40-45	0-2.5	605	578	6
The Rt Hon. Lord Hill of Oareford, CBE Leader of the House of Lords and Chancellor of the Duchy of Lancaster *from 7 January 2013*	5-10	0-2.5	78	70	4
The Rt Hon. Sir George Young Bt MP Leader of the House of Commons and Lord Privy Seal *until 3 September 2012*	15-20	0-2.5	258	260	2
The Rt Hon. Andrew Lansley CBE MP Leader of the House of Commons and Lord Privy Seal *from 4 September 2012*	0-5	0-2.5	50	43	3
The Rt Hon Kenneth Clarke QC MP Minister without Portfolio (Minister of State) *from 10 September 2012*	25-30	–	469	463	–

[1] *The start date for calculations is 31 March 2012 unless the Minister was appointed to the Department during the year.*

[2] *The end date for calculations is 31 March 2013 unless the Minister left the Department during the year.*

[3] *The Opening CETV value shown in this year's report differs from the value shown as the closing CETV value in the last year's report due to a Change in the basis of calculation.*

[4] *Figures for Cabinet Office have been prepared for the reporting period to 31 March 2013; however the figures actually represent the value of the benefits as at 4 September 2012 when the Minister left the Cabinet Office. The value of the pension at 31 March 2013 is reflected in the pension figure shown in the Home Office accounts.*

MINISTERIAL PENSIONS

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of member contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2013 members pay contributions between 7.9% and 16.7% depending on their level of seniority and chosen accrual rate. The contribution rates are planned to increase in April 2014, subject to consultation.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015.

THE CASH EQUIVALENT TRANSFER VALUE (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

THE REAL INCREASE IN THE VALUE OF THE CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

DISCLOSURE OF SALARY, PENSION AND COMPENSATION INFORMATION

SENIOR MANAGEMENT	Accrued pension at pension age as at 31/3/2013 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/2013[2]	CETV at 31/03/2012[1]	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Sir Jeremy Heywood KCB, CVO Cabinet Secretary	60-65 plus 185-190 lump sum	10-12.5 plus 32.5-35 lump sum	1,104	864	172	–
Richard Heaton CB Permanent Secretary Cabinet Office, First Parliamentary Counsel and Accounting Officer	35-40 plus 110-115 lump sum	2.5-5 plus 7.5-10 lump sum	603	528	42	–
Phillip Rycroft Director General, Deputy Prime Minister's Office *from 28 May 2012*	Current 0-5 Preserved 35-40 Plus lump sum Current Nil Preserved 105-110	Current 2.5-5 Preserved Nil Plus lump sum Current Nil Preserved Nil	Current 33 Preserved 630	Current Nil Preserved 613	Current 26 Preserved Nil	–
Ian Watmore Permanent Secretary of the Cabinet Office and Principal Accounting Officer *until 22 June 2012*	Current 0-5 Preserved 10-15 Plus lump sum Current Nil Preserved Nil	Current 0-2.5 Preserved 0-2.5 Plus lump sum Current Nil Preserved Nil	Current 69 Preserved 171	Current 55 Preserved 162	Current 8 Preserved 8	–
Sue Gray Director General Propriety and Ethics and Head of Private Office Group	50-55 plus 150-155 lump sum	7.5-10 plus 25-27.5 lump sum	1,010	794	171	–
Melanie Dawes Director General, Economic and Domestic Affairs Secretariat	35-40 Plus 110-115 lump sum	0-2.5 plus 5-7.5 lump sum	592	535	24	–
Bruce Mann Finance Director, Board Secretary	45-50 plus 135-140 lump sum	0-2.5 plus 0-2.5 lump sum	937	883	4	–
Mark Ivan Rogers Prime Minister's adviser and Head of the European and Global Issues Secretariat	45-50 plus Nil lump sum	5-7.5 plus Nil lump sum	761	644	76	–
Sir Kim Darroch Head of National Security Affairs Secretariat	75-80 plus 235-240 lump sum	0-2.5 plus 0-2.5 lump sum	1,736	1,639	3	–
Mr Jonathan Stephen Day Chairman of the Joint Intelligence Committee and Head Joint Intelligence Organisation	50-55 plus 150-155 lump sum	0-2.5 plus 0-2.5 lump sum	1,106	1,036	10	–

[1] The CETVs at 31 March 2012 and 31 March 2013 have both been calculated using the new actuarial factors.
[2] The end date for calculations is 31 March 2013 unless the member left the Department during the year.

CIVIL SERVICE PENSIONS

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 3.9% of pensionable earnings for classic and 3.5% and 5.9% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2013. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website http://www.civilservice.gov.uk/pensions

CASH EQUIVALENT TRANSFER VALUES

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

REAL INCREASE IN CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Richard Heaton CB
Permanent Secretary Cabinet Office,
First Parliamentary Counsel and
Accounting Officer

12 July 2013

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Cabinet Office and of its Departmental Group for the year ended 31 March 2013 under the Government Resources and Accounts Act 2000. The Department consists of the core Department only. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2012. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's and the Departmental Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2013 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2013 and of the Department's net operating cost and Departmental Group's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in Governance and Management Commentary sections for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

17 July 2013

Statement of Parliamentary Supply

Summary of Resource and Capital Outturn 2012-13

£000								2012-13	2011-12
		Estimate			Outturn			Voted outturn compared with Estimate: saving / (excess)	Outturn
	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total		Total
Departmental Expenditure Limit									
Resource	2.1	425,432	2,143	427,575	400,595	1,831	402,426	24,837	448,805
Capital	2.2	23,174	–	23,174	15,054	–	15,054	8,120	17,441
Annually Managed Expenditure									
Resource	2.1	5,480	–	5,480	(35,479)	–	(35,479)	40,959	5,119
Capital		–	–	–	–	–	–	–	–
Total Budget		**454,086**	**2,143**	**456,229**	**380,170**	**1,831**	**382,001**	**73,916**	**471,365**
Non-Budget		–	–	–	–	–	–	–	–
Total		**454,086**	**2,143**	**456,229**	**380,170**	**1,831**	**382,001**	**73,916**	**471,365**

Total Resource	2.1	430,912	2,143	433,055	365,116	1,831	366,947	65,796	453,924
Total Capital	2.2	23,174	–	23,174	15,054	-	15,054	8,120	17,441
Total		**454,086**	**2,143**	**456,229**	**380,170**	**1,831**	**382,001**	**73,916**	**471,365**

Net Cash Requirement 2012-13

£000			2012-13	2011-12
Note	Estimate	Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
4	**482,019**	**440,914**	**41,105**	**438,355**

Administration Costs 2012-13

£000			2012-13	2011-12
Note	Estimate	Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
2.1	**199,434**	**187,031**	**12,403**	**186,739**

Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Explanations of variances between Estimate and outturn are given in the 'Performance against Parliamentary Control Totals' within the Management Commentary.

Notes 1 to 33 form part of these accounts

Consolidated Statement of Comprehensive Net Expenditure

for the period ended 31 March 2013

£000		2012-13		2011-12	
	Note	Core Department	Departmental Group	Core Department	Departmental Group
Administration costs					
Staff costs	6	105,362	105,924	121,288	121,803
Other costs	7	168,952	169,488	130,017	130,500
Income	9	(94,514)	(94,277)	(77,127)	(76,908)
Programme expenditure					
Staff costs	6	32,756	32,756	31,224	31,224
Other costs	8	215,223	215,223	326,130	326,130
Income	9	(19,364)	(19,364)	(70,242)	(70,242)
Grant in Aid to NDPBs	8	1,432	-	1,107	-
Interests in Joint Ventures	9	(5,882)	(5,882)	-	-
Net Operating Costs for the period ended 31 March 2013	3.1	**403,965**	**403,868**	**462,397**	**462,507**
Total expenditure		523,725	523,391	609,766	609,657
Total income		(119,760)	(119,523)	(147,369)	(147,150)
Net Operating Costs for the period ended 31 March 2013		**403,965**	**403,868**	**462,397**	**462,507**
Other Comprehensive Net Expenditure					
Net gain on:					
revaluation of Property, Plant and Equipment		(15,138)	(15,138)	(4,070)	(4,070)
revaluation of Intangible assets		(852)	(852)	(151)	(151)
Interests in Joint Ventures:					
Share of unrecognised gains	13	(185)	(185)	-	-
Total Other Comprehensive Income		**(16,175)**	**(16,175)**	**(4,221)**	**(4,221)**
Total Comprehensive Expenditure for the period ended 31 March 2013		**387,790**	**387,693**	**458,176**	**458,286**

Notes 1 to 33 form part of these accounts

Consolidated Statement of Financial Position

as at 31 March 2013

£000	Note	As at 31 March 2013 Core Dept	As at 31 March 2013 Departmental Group	As at 31 March 2012 Core Dept	As at 31 March 2012 Departmental Group
Non-current assets					
Property, plant and equipment	10	162,093	162,093	175,857	175,857
Investment properties	11	62,265	62,265	-	-
Intangible assets	12	6,190	6,190	4,406	4,406
Interests in joint ventures	13	5,882	5,882	-	-
Other financial assets	15	1,404	1,404	1,403	1,403
Other non-current assets	18	-	-	354	354
Total non-current assets		**237,834**	**237,834**	**182,020**	**182,020**
Current assets					
Assets to be transferred	17	-	-	44,145	44,145
Inventories		459	459	417	417
Trade and other receivables	18	54,440	54,440	59,860	59,860
Other financial assets	15	284	284	20	20
Cash and cash equivalents	19	7,093	7,093	38,978	38,978
Total current assets		**62,276**	**62,276**	**143,420**	**143,420**
Total assets		**300,110**	**300,110**	**325,440**	**325,440**
Current liabilities					
Trade and other payables	20	(95,533)	(95,600)	(169,615)	(169,779)
Provisions	21	(1,884)	(1,884)	(4,288)	(4,288)
Total current liabilities		**(97,417)**	**(97,484)**	**(173,903)**	**(174,067)**
Non-current assets less net current liabilities		**202,693**	**202,626**	**151,537**	**151,373**
Non-current liabilities					
Provisions	21	(10,829)	(10,829)	(13,036)	(13,036)
Total non-current liabilities		**(10,829)**	**(10,829)**	**(13,036)**	**(13,036)**
Total assets less liabilities		**191,864**	**191,797**	**138,501**	**138,337**
Taxpayers' equity and other reserves					
General fund		130,338	130,271	85,093	84,929
Revaluation reserve		61,526	61,526	53,408	53,408
Total equity		**191,864**	**191,797**	**138,501**	**138,337**

Richard Heaton CB
Permanent Secretary for the Cabinet Office,
First Parliamentary Counsel and
Accounting Officer

12 July 2013

Notes 1 to 33 form part of these accounts

Consolidated Statement of Cash Flows

Core Department
for the period ended 31 March 2013

£000	Note	2012-13	2011-12
Cash flows from operating activities			
Net operating cost		(403,965)	(462,397)
Adjustments for non-cash transactions	7, 8, 9	18,659	17,808
Remove income from dividends	9	(2,615)	(2,379)
Remove interest income		-	(154)
(Increase)/Decrease in inventories		(42)	285
Less movements in Work in Progress relating to items not passing through the Statement of Comprehensive Net Expenditure[1]		-	17,722
Decrease in trade and other receivables	18	5,774	38,440
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure			
Amounts related to novated assets – Central Office of Information[1]		-	14,620
Movement in amounts relating to provision for doubtful debt	18	371	291
Amounts relating to bad debt write off	8	(80)	(238)
Decrease in trade and other payables	20	(74,082)	(19,097)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure			
Amounts due to the Consolidated Fund for Supply	20	18,699	(17,415)
Amounts payable to the Consolidated Fund	20	-	1,400
Excess cash surrenderable to the Consolidated Fund		-	2,253
Other		-	2
Release of deferred income	8	19	5
Amounts relating to novated liabilities – Central Office of Information[1]		-	(32,365)
Movement in capital accruals relating to investing activities		2,153	(640)
Amounts relating to Consolidated Fund Standing Services – Elections		458	6,571
Amounts due to the Consolidated Fund for non voted receipts – Elections	20	8,842	(3,381)
Use of provisions	21	(4,062)	(2,916)
Net cash outflow from operating activities		**(429,871)**	**(441,585)**
Cash flows from investing activities			
Income from dividends	9	2,615	2,379
Purchase of property, plant and equipment	10	(11,068)	(9,203)
Purchase of intangible assets	12	(3,952)	(1,097)
Loans to other bodies	15	(444)	(343)
Net movement in trade payables - capital accruals		(2,153)	640
Proceeds of disposal of property, plant and equipment		54	-
Repayments from other bodies	15	20	285
Net cash outflow from investing activities		**(14,928)**	**(7,339)**
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		422,214	456,301
Cash balance absorbed from Central Office of Information Trading Fund[1]		-	1,535
Amounts remitted to the Consolidated Fund		-	(2,196)
Interest income		-	154
Net financing		**422,214**	**455,794**

[1] The assets and liabilities of the Central Office of Information Trading Fund were absorbed into the Cabinet Office upon its closure on 30 December 2011 and the corresponding entry was taken through the General Fund

Consolidated Statement of Cash Flows (continued)

Core Department
for the period ended 31 March 2013

£000		2012-13	2011-12
Net (decrease)/increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**(22,585)**	**6,870**
Excess cash surrendered to the Consolidated Fund upon closure of eNDPBs		-	(2,253)
Non-voted receipts surrendered to the Consolidated Fund – Elections		(9,300)	(5,566)
Net decrease in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	19	**(31,885)**	**(949)**
Cash and cash equivalents at the beginning of the period	19	**38,978**	**39,927**
Cash and cash equivalents at the end of the period	19	**7,093**	**38,978**

Notes 1 to 33 form part of these accounts

Consolidated Statement of Cash Flows

Departmental Group
for the period ended 31 March 2013

£000	Note	2012-13	2011-12
Cash flows from operating activities			
Net operating cost		(403,868)	(462,507)
Adjustments for non-cash transactions	7, 8, 9	18,659	17,808
Remove income from dividends	9	(2,615)	(2,379)
Remove interest income		-	(154)
(Increase)/Decrease in inventories		(42)	285
Less movements in Work in Progress relating to items not passing through the Statement of Comprehensive Net Expenditure[1]		-	17,722
Decrease in trade and other receivables	18	5,774	36,262
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure			
Amounts related to novated assets – Central Office of Information[1]		-	14,620
Movement in amounts relating to provision for doubtful debt	18	371	291
Amounts relating to bad debt write off	8	(80)	(238)
Decrease in trade and other payables	20	(74,179)	(19,200)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure			
Amounts due to the Consolidated Fund for Supply	20	18,699	(17,415)
Amounts payable to the Consolidated Fund	20	-	1,400
Excess cash surrenderable to the Consolidated Fund		-	2,253
Other		-	(50)
Release of deferred income	8	19	5
Amounts relating to novated liabilities – Central Office of Information[1]		-	(32,365)
Movement in capital accruals relating to investing activities		2,153	(640)
Amounts relating to Consolidated Fund Standing Services – Elections		458	6,571
Amounts due to the Consolidated Fund for non voted receipts – Elections	20	8,842	(3,381)
Use of provisions	21	(4,062)	(2,916)
Net cash outflow from operating activities		**(429,871)**	**(444,028)**
Cash flows from investing activities			
Income from dividends	9	2,615	2,379
Purchase of property, plant and equipment	10	(11,068)	(9,203)
Purchase of intangible assets	12	(3,952)	(1,097)
Loans to other bodies	15	(444)	(343)
Net movement in trade payables - capital accruals		(2,153)	640
Proceeds of disposal of property, plant and equipment		54	-
Repayments from other bodies	15	20	285
Net cash outflow from investing activities		**(14,928)**	**(7,339)**
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		422,214	456,301
Cash balance absorbed from Central Office of Information Trading Fund[1]		-	1,535
Amounts remitted to the Consolidated Fund		-	(2,196)
Interest income		-	154
Net financing		**422,214**	**455,794**

[1] The assets and liabilities of the Central Office of Information Trading Fund were absorbed into the Cabinet Office upon its closure on 30 December 2011 and the corresponding entry was taken through the General Fund

Consolidated Statement of Cash Flows (continued)

Departmental Group
for the period ended 31 March 2013

£000		2012-13	2011-12
Net (decrease)/ increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**(22,585)**	**4,427**
Excess cash surrendered to the Consolidated Fund upon closure of eNDPBs		-	(2,253)
Non-voted receipts surrendered to the Consolidated Fund – Elections		(9,300)	(5,566)
Net decrease in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	19	**(31,885)**	**(3,392)**
Cash and cash equivalents at the beginning of the period	19	**38,978**	**42,370**
Cash and cash equivalents at the end of the period	19	**7,093**	**38,978**

Notes 1 to 33 form part of these accounts

Consolidated Statement of Changes in Taxpayers' Equity

Core Department
for the period ended 31 March 2013

£000	Note	General Fund	Revaluation Reserve	Total Reserves
Balance at 1 April 2011		**109,812**	**50,779**	**160,591**
Net Parliamentary Funding – drawn down		456,301	-	456,301
Net Parliamentary Funding – deemed		6,179	-	6,179
Supply payable adjustment	20	(24,125)	-	(24,125)
Non-voted receipt surrenderable to the Consolidated Fund – Elections		(8,947)	-	(8,947)
Comprehensive Net Expenditure for the year		(462,397)	-	(462,397)
Assets and liabilities introduced and removed:				
Amounts relating to machinery of government transfer of functions		4	-	4
Amounts remitted to the Consolidated Fund – Public Dividend Capital		(265)	-	(265)
Non-Cash Adjustments				
Non-cash charges – auditors' remuneration	7	368	-	368
Movements in Reserves				
Net gain on revaluation of property, plant and equipment	10.2	-	4,070	4,070
Net gain on revaluation of intangible assets	12.2	-	151	151
Amounts relating to Consolidated Fund Standing Services - Elections		6,571	-	6,571
Transfers between reserves		1,592	(1,592)	-
Balance at 31 March 2012		**85,093**	**53,408**	**138,501**
Net Parliamentary Funding – drawn down		422,214	-	422,214
Net Parliamentary Funding – deemed	20	24,125	-	24,125
Supply payable adjustment	20	(5,426)	-	(5,426)
Non-voted receipt surrenderable to the Consolidated Fund – Elections		(458)	-	(458)
Comprehensive Net Expenditure for the year		(403,965)	-	(403,965)
Non-Cash Adjustments				
Non-cash charges – auditors' remuneration	7	425	-	425
Movements in Reserves				
Net gain on revaluation of property, plant and equipment	8, 10.1	-	15,138	15,138
Net gain on revaluation of intangible assets	8, 12.1	-	852	852
Amounts relating to Consolidated Fund Standing Services - Elections		458	-	458
Transfers between reserves		7,872	(7,872)	-
Balance at 31 March 2013		**130,338**	**61,526**	**191,864**

Notes 1 to 33 form part of these accounts

Consolidated Statement of Changes in Taxpayers' Equity

Departmental Group
for the period ended 31 March 2013

£000	Note	General Fund	Revaluation Reserve	Total Reserves
Balance at 1 April 2011		**109,810**	**50,779**	**160,589**
Net Parliamentary Funding – drawn down		456,301	-	456,301
Net Parliamentary Funding – deemed		6,179	-	6,179
Supply payable adjustment	20	(24,125)	-	(24,125)
Non-voted receipt surrenderable to the Consolidated Fund – Elections		(8,947)	-	(8,947)
Comprehensive Net Expenditure for the year		(462,507)	-	(462,507)
Assets and liabilities introduced and removed:				
Amounts relating to machinery of government transfer of functions		4	-	4
Amounts remitted to the Consolidated Fund – Public Dividend Capital		(265)	-	(265)
Net assets as at 31 March to be transferred to the Cabinet Office		(52)	-	(52)
Non-Cash Adjustments				
Non-cash charges – auditors' remuneration	7	368	-	368
Movements in Reserves				
Net gain on revaluation of property, plant and equipment	10.2	-	4,070	4,070
Net gain on revaluation of intangible assets	12.2	-	151	151
Amounts relating to Consolidated Fund Standing Services – Elections		6,571	-	6,571
Transfers between reserves		1,592	(1,592)	-
Balance at 31 March 2012		**84,929**	**53,408**	**138,337**
Net Parliamentary Funding – drawn down		422,214	-	422,214
Net Parliamentary Funding – deemed	20	24,125	-	24,125
Supply payable adjustment	20	(5,426)	-	(5,426)
Non-voted receipt surrenderable to the Consolidated Fund – Elections		(458)	-	(458)
Comprehensive Net Expenditure for the year		(403,868)	-	(403,868)
Non-Cash Adjustments				
Non-cash charges – auditors' remuneration	7	425	-	425
Movements in Reserves				
Net gain on revaluation of property, plant and equipment	8, 10.1	-	15,138	15,138
Net gain on revaluation of intangible assets	8, 12.1	-	852	852
Amounts relating to Consolidated Fund Standing Services – Elections		458	-	458
Transfers between reserves		7,872	(7,872)	-
Balance at 31 March 2013		**130,271**	**61,526**	**191,797**

Notes 1 to 33 form part of these accounts

Notes to the Accounts for the period ended 31 March 2013

1. Statement of accounting policies

1.1 Statement of compliance

These financial statements have been prepared in accordance with the 2012-13 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Cabinet Office for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Cabinet Office are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In so far as appropriate, these financial statements meet the requirements of the Companies Act 2006 in respect of those Non-Departmental Public Bodies which were companies limited by guarantee. In addition to the primary statements prepared under IFRS, the *FReM* also requires the Department to prepare one additional primary statement. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.2 Basis of preparation

These accounts have been prepared under the historical cost convention modified to account for the revaluation of investment property, property, plant and equipment, intangible assets, inventories and certain financial assets and liabilities at their value to the business by reference to their current costs.

1.3 Basis of consolidation

These accounts comprise a consolidation of the core Department and those Arm's Length Bodies which fall within the departmental boundary as defined in the *FReM* and make up the "Departmental Group". Transactions between entities included in the consolidation are eliminated. A list of all those entities within the departmental boundary is given at Note 32.

1.4 Absorption of former public corporation

Upon the machinery of government transfer of the Central Office of Information, a non–ministerial department, into the Cabinet Office, its executive agency and trading fund became the responsibility of the Cabinet Office.

On 30 December 2011, the Central Office of Information Trading Fund (COI), a public corporation, was revoked and transferred into the Cabinet Office. To maintain accountability for the COI financial performance, the Cabinet Office have accounted for the transfer of COI Trading Fund assets and liabilities at carrying value at the date of transfer, with full performance reporting in the main financial statements only included from 31 December 2011 to 31 March 2012.

1.5 Going concern

The financial statements for the Civil Service Commission have been prepared on the basis that it is a going concern. The Commission is a statutory body created by the Constitutional Reform and Governance Act 2010. The Commission's budget, business plan for 2012-13 and corporate plan for 2012-13 through to 2013-14 have been agreed by the Cabinet Office.

The financial statements for the Cabinet Office have been prepared on the basis that the department is a going concern. Spending Review 2010 set out budgets for 2013-14 and 2014-15 and Parliament has authorised spending for 2013-14 in the Main Estimate published within ' Central Government Supply Estimates 2013-14' HC 1074.

1.6 Operational and presentational currency

The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

1.7 Foreign currency translation

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in foreign currency at the Statement of Financial Position date are translated at the rates ruling at that date. These translation differences are dealt with in the Statement of Comprehensive Net Expenditure.

1.8 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position and amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Information about the assumptions made about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying value amounts of assets and liabilities within the next financial year are disclosed.

In the process of applying the Department's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Service concession arrangements
The Department is party to a Public Finance Initiative (PFI). The classification of such arrangements as service concession arrangements requires the Department to determine, based on an evaluation of the terms and conditions of the arrangements, whether it controls the infrastructure.

Determining whether an arrangement contains a lease
The Department is involved in long-term arrangements which may contain a lease. The classification of such arrangements as containing a lease requires the Department to determine, based on an evaluation of the terms and conditions of the arrangements, whether the arrangement depends on a specific asset or assets and whether the arrangement conveys a right to use the asset.

Operating lease commitments
The Department is the lessor and lessee of property, plant and equipment. The classification of such leases as operating or finance lease requires the Department to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and, accordingly, whether the lease requires an asset and liability to be recognised in the Statement of Financial Position.

Impairment of assets
The Department assesses whether there are any indicators of impairment for all financial and non-financial assets at each reporting date. Assets are tested for impairment when there are indicators that the carrying

amounts may not be recoverable. From 2010-11 impairments that are due to a clear consumption of economic benefit are recognised in the Statement of Comprehensive Net Expenditure rather than set against an available revaluation reserve. This change aligns the treatment of impairments in accounts with the treatment in departmental budgets and Estimates.

Development costs
Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed.

1.9 Income

Operating Income
Operating income is generated by the Department in pursuit of its activities and in managing its affairs. It is stated net of VAT. Operating income principally comprises fees and charges for services provided on a full-cost basis to external customers as well as public re-payment work and includes income due to the Consolidated Fund, which in accordance with the *FReM*, is treated as operating income.

Non-operating income
Non-operating income relates to the sale of capital assets and repayment of loan principal. It may be retained to finance related capital spending in cases where it has been described in the income ambit to the Estimate, otherwise it may not be retained and is due to the Consolidated Fund.

Consolidated Fund Extra Receipts (CFERS)
Income which is of a type not anticipated by the Department within its budgets and which therefore has not been described in the income ambit to the Estimate may not be retained for use by the Department and must be paid over to Treasury's Consolidated Fund. Such income is known as Consolidated Fund Extra Receipts (CFERS). Consolidated Fund Extra Receipts are accounted for on an accruals basis.

1.10 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the Consolidated Budgeting Guidance issued by HM Treasury.

Administration costs and operating income reflect the costs of running the department. Income is analysed between that which is allowed to be offset against gross administration costs in determining the outturn against the gross administration budget and that operating income which is not.

Programme costs include payments of grants and grant-in-aid and other disbursements by the Department, as well as certain staff costs where they relate directly to service delivery. From 2010-11 programme costs also include those items of expenditure which are classified as Resource Annually Managed Expenditure (RAME) in budgets, such as impairments, provisions and bad debts; see Note 2.1.

From 2011-12 the expenditure of executive Non-Department Public Bodies may be classified as administration within budgets and therefore within accounts, where appropriate.

1.11 Employee benefits

Short term benefits
Where an employee has rendered service to the Department during the financial year, the Department recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for that service as an expense. Performance bonuses are not accrued at 31 March since the appraisal process which determines performance pay is only finalised after the accounts have been prepared.

Termination benefits

Termination benefits include lump sum payments and payments in lieu of notice. The Department makes provision for termination benefits in cases of compulsory redundancy on announcement of a detailed plan. The Department then accrues for termination benefits in cases of both voluntary and compulsory redundancy at the point at which the employee has accepted the offer made by the Department, and where appropriate, reverses the earlier provision.

1.12 Pensions

The majority of past and present employees of the core Department and its eNDPB, the Civil Service Commission, are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

1.13 Grants

Grants are unrequited payments made by the department to outside bodies to reimburse expenditure on agreed items or functions and often only paid on statutory conditions being met. Grants may be resource or capital. The department recognises grant expenditure at the point of cash disbursement.

Grants-in-aid are financing payments made by the department to a non-departmental public body or other arm's length body. Grants-in-aid to NDPBs are recognised in the accounts of the core department only and eliminated on consolidation. The department recognises grants-in-aid at the point of cash disbursement.

1.14 Value Added Tax

Most of the activities of the core Department are outside the scope of VAT and, in general output tax does not apply and input tax on purchases is not recoverable.

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. The net amount due to, or from, HM Revenue and Customs in respect of VAT is included within receivables and payables within the Statement of Financial Position.

Its NDPB, the Civil Service Commission, is not registered for VAT purposes.

1.15 Operating segments

The Department has applied IFRS 8 *Operating Segments* in full from 2010-11. Operating segments are based on the main areas of business activity and align with performance reporting and are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker has been identified as the Accounting Officer and the Board.

1.16 Property, plant and equipment

Property, plant and equipment is recognised initially at cost and thereafter carried at fair value less depreciation and impairment charged subsequent to the date of revaluation, except for art and antiques and properties surplus to requirement.

Cost comprises the amount of cash paid to acquire the asset and includes any costs directly attributable to making the asset capable of operating as intended. The capitalisation threshold for expenditure on property, plant and equipment is £5,000.

Land and buildings are restated to fair value every five years (every three years for Sunningdale Park) using professional valuations prepared in accordance with current Royal Institution of Chartered Surveyors Valuation Standards. In the intervening years, if material, changes in fair value are determined by reference to current prices on an active market for similar property. For 2012-13 changes to the fair value of 10-12 Downing Street were determined by an interim professional valuation, primarily to reflect overhaul work carried out in the last four years. Fair values are determined on the basis of market value but on the assumption that the properties are sold as part of the continuing enterprise in occupation. For 'in use' non-specialised property assets, fair value has been interpreted as market value for existing use.

Residual interests in Private Finance Initiative (PFI) properties are included in property, plant and equipment at the amount of unitary charge allocated for the acquisition of the residual to the date of the Statement of Financial Position plus an adjustment based on the net present value of the change in fair value of the residual as estimated at the start of the contract and its estimated fair value at the date of the Statement of Financial Position.

Properties surplus to requirement are valued on the basis of open market value less any directly attributable selling costs where material.

Other operational assets are revalued to open market value where obtainable, or on the basis of depreciated replacement cost where market value is not obtainable. Published indices appropriate to the category of asset are normally used to estimate value.

Art and antiques, including some heritage assets, have been inherited by the Department since its earliest existence and are held mainly in 10 Downing Street and 70 Whitehall. They are subject to professional valuation on the basis of insurance value or mid–auction estimate every five years with the revaluation being taken into the revaluation reserve. They are not depreciated or indexed.

Any revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the Statement of Comprehensive Net Expenditure, in which case the increase is recognised in the Statement of Comprehensive Net Expenditure. A revaluation deficit is recognised in the Statement of Comprehensive Net Expenditure, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

1.17 Depreciation on property, plant and equipment

Property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Useful lives and residual values are reviewed annually and, where adjustments are required, these are made prospectively.

Asset lives are normally in the following ranges:

Freehold buildings including dwellings	25 to 55 years
Leasehold building improvements	over the remaining term of the lease

Plant and equipment	3 to 10 years
Furniture and fittings	5 to 7 years
IT hardware and office equipment	3 to 5 years
Vehicles	3 to 5 years

The following exceptions apply to the asset lives for property, plant and equipment at the Sunningdale Park site in Berkshire:

Freehold buildings including dwellings	25 to 60 years
Furniture and fittings	5 to 20 years

Assets in the course of construction are not depreciated until the assets are available for use. Residual interests in PFI contract assets are not depreciated until the asset reverts to the Department. No depreciation is provided on freehold land and items for collections since they have unlimited or very long estimated useful lives, nor on non-current assets held for sale. Assets continue to depreciate until they are derecognised, even if during that period they are idle.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If an asset is determined to be impaired, the asset is written down immediately to its recoverable amount.

1.18 Donated Assets

The value of donated assets is recognised as income and credited to the general fund. Any subsequent revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the Statement of Comprehensive Net Expenditure; in which case the increase is recognised in the Statement of Comprehensive Net Expenditure. A revaluation deficit is recognised in the Statement of Comprehensive Net Expenditure, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

Gifts of ornaments and jewellery received by past and present Prime Ministers and their spouses are treated as donated assets within Art and Antiques and capitalised at their fair value on receipt. They are subject to professional valuation every five years. Gifts are not depreciated, since, by their nature, their useful economic life is indefinite.

The Civil Service Club is recognised as a donated asset. Members of the Civil Service and the Foreign Service contributed to the wedding present for Her Majesty the Queen and part of the sum subscribed was, by her wish, applied to some object of general benefit to the Civil and Foreign Services and consequently the Civil Service Club was purchased; see Note 10.

1.19 Investment Properties

Properties held to earn rentals, capital appreciation or both are recognised as investment properties at fair value.

Fair value of investment properties is based on professional valuations every five years (every three years for Sunningdale Park), or, if available for an individual investment property, by reference to an agreed sale price on an active market. In the intervening years, if material, changes in fair value are recognised by reference to current prices on an active market for similar property. Changes arising from valuations are recognised directly in the Statement of Comprehensive Net Expenditure. The department does not depreciate its investment properties.

1.20 Intangible assets and amortisation

Intangible assets are defined as identifiable non-monetary assets without physical substance. Software that is embedded in computer-controlled equipment that cannot operate without that specific software is an integral part of the related hardware and is treated as property, plant and equipment.

Intangible assets are measured on initial recognition at cost. The capitalisation threshold for expenditure on intangible assets is £5,000. Following initial recognition, where an active market exists, intangible assets are carried at fair value at the Statement of Financial Position date. Where no active market exists, the Department uses published indices to assess the depreciated replacement cost.

The useful lives of intangible assets are assessed to be either finite or indefinite. All intangible assets are currently assessed to have a finite life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Assets in the course of construction are not amortised until the assets are brought into use.

Software licences
Externally-acquired computer software licences are amortised over the shorter of the term of the licence and the useful economic life of three to five years. As reliable evidence of market value could not be obtained, these have not been re-valued.

Research and development
Research costs are expensed as incurred. Development expenditure is recognised as an intangible asset when the Department can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use; its intention to complete and its ability to use the asset, how the asset will generate future economic benefits; the availability of resources to complete the asset; and the ability to measure reliably the expenditure during development.

Following initial recognition of development expenditure as an asset, where an active market exists, the asset is subsequently measured at fair value. Where no active market exists, the asset is carried at amortised replacement cost, indexed for relevant price increases, as a proxy for fair value.

Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

1.21 Leases

Assets held under finance leases, which transfer to the Department substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Lease payments are apportioned between the reduction of the lease liability and finance charges in the Statement of Comprehensive Net Expenditure so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and the rentals payable are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the lease term.

1.22 Service concession arrangements

The Department accounts for Public Finance Initiative (PFI) transactions on a control approach based on IFRIC 12 *Service Concession Arrangements*. The Department is considered to control the infrastructure in a public-to-private service concession arrangement if:

- the Department controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price; and
- the Department controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise.

Where it is determined that such arrangements are not in scope of IFRIC 12, the Department assesses such arrangements under IFRIC 4 *Determining whether an Arrangement contains a Lease*. Where it is identified that the arrangement conveys a right to use an asset in return for a payment or series of payments, the lease element is accounted for as either an operating lease or finance lease in accordance with the risk and reward based approach set out above at Note 1.21 Leases.

Where it is determined that arrangements are in scope of IFRIC 12, the Department recognises the infrastructure as a non-current asset.

Where the contract is separable between the service element, the interest charge and the infrastructure asset, the asset is measured as under IAS 17, with the service element and the interest charge recognised as incurred over the term of the concession arrangement; or where there is a unitary payment stream that includes infrastructure and service elements that cannot be separated, the various elements will be separated using estimation techniques.

Where practicable, in determining the interest expense on the capital element of the contract obligation, the Department uses the rate implicit in the contract. Where it is not practicable to determine this rate, the Department uses its cost of capital rate (including inflation). The rate is not changed unless the infrastructure element or the whole contract is renegotiated.

The Department recognises a liability for the capital value of the contract. That liability does not include the interest charge and service elements, which are expensed annually to the Statement of Comprehensive Net Expenditure.

Assets are revalued in accordance with the revaluation policy for property, plant and equipment (Note 1.16 above) and intangible assets (Note 1.20 above). Liabilities are measured using the appropriate discount rate.

In respect of the Sunningdale Park site the following treatment has been applied:

Where the Department has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract. Where at the end of the PFI contract, a property reverts to the Department, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year. The values for both of these elements (the prepayment and the reversionary interest) are recognised as Property, Plant and Equipment. The element of a property covered by a lease granted to a private sector partner, and for which sub-leases are granted to the Department for continued occupation, is recognised as an investment property. The PFI payments for servicing a property held under the PFI contract are charged to the Statement of Comprehensive Net Expenditure.

1.23 Interests in Joint Ventures

A joint venture is a contractual arrangement whereby the Department and other parties undertake an economic activity that is subject to joint control whereby the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of parties sharing control.

The Department accounts for its interest in a jointly controlled entity in accordance with *IAS 31 Interests in Joint Ventures* and applies the equity accounting method. It recognises the initial investment at cost, and thereafter, recognises its share of the outcome of activities as represented by its share of net profits or losses for the reported year (ie post –acquisition change in share of net assets), together with any impairment loss should the carrying value of the joint venture be less than its recoverable fair value. Any dividend income from the joint venture is treated as a reduction in the asset. The Department discloses its share of the results within *Net Operating Costs* and, where applicable, within *Other Comprehensive Net Expenditure* and these are excluded from outturn within the *Statement of Parliamentary Supply.*

1.24 Financial assets

Financial assets are recognised when the Department becomes party to the contracts that give rise to them and are classified as: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or as available-for-sale financial assets as appropriate. The Department determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

When financial assets are recognised initially, they are measured at fair value, except for loans, Public Dividend Capital (PDC) and other interests in public bodies outside the departmental boundary which are reported at historical cost less any impairment.

Fair value is determined as the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Department considers whether a contract contains an embedded derivative when the entity first becomes party to it. Embedded derivatives are separated from the host contract if the contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract.

The subsequent measurement of financial assets depends on their classification. The following classifications are currently applicable:

Investments in other bodies
Loans, Public Dividend Capital (PDC) and other interests in public bodies outside the departmental boundary are shown at historical cost, less any impairment.

In the past, the Cabinet Office has issued loans to the London Hostels Association, LHA London Ltd, which are now in repayment.

Loans issued by the Cabinet Office to the Bridges Social Entrepreneurs' Fund LP are recognised at the point of the disbursement under the terms set out in the Limited Partnership Agreement. Bridges Social Entrepreneurs' Fund LP is an entity which lies outside the departmental boundary and consequently the loans are reported at historical cost less any impairment. The impairment is assessed as the difference between the cost of the loan issued and the Department's share of the net asset value as reported in the Bridges Social Entrepreneurs' Fund LP accounts. The net asset value equals the sum of the investment value at cost in the initial year and marketable value in subsequent years, adjusted for other net assets.

The Cabinet Office has Public Dividend Capital held within the Government Procurement Service (formerly Buying Solutions). The Cabinet Office assesses at 31 March whether there is objective evidence that this asset is impaired in terms of whether there has been a decline in value below its cost. Dividends are recognised in the Statement of Comprehensive Net Expenditure when the Department's right to receive payment is established.

Loans and receivables
Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are subsequently measured at amortised cost. Provision is made when there is objective evidence that the Department will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Financial assets are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

1.25 Assets classified as held for sale

Assets held for sale are assets where the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For an asset to be classified as held for sale, it must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets; its sale must be highly probable; and it must genuinely be expected to be sold, not abandoned. Items of property, plant and equipment that are classified as held for sale are written down to fair value less costs to sell (if lower than its carrying value), and are not depreciated further.

1.26 Inventories

Inventories of insignia are valued at the lower of original cost and replacement cost.

1.27 Cash and cash equivalents

Cash in the Statement of Financial Position comprises cash at bank and in hand. Any overdraft will be recorded as a creditor. For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash, net of outstanding bank overdrafts.

1.28 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities
Trade and other payables are recognised at cost, which is deemed to be materially the same as the fair value. Where the time value of money is material, payables are subsequently measured at amortised cost.

Financial liabilities are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

1.29 Provisions

A provision is recognised when the Department has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect is material, expected future cash flows are discounted using real rates set by HM Treasury which are short-term (0-1 year) minus 1.80 per cent, medium-term (1-5 years) minus 1 per cent and long-term (5+ years) 2.20 per cent with effect from 31 March 2013. Provisions for early departure costs are discounted at the pensions rate 2.35 per cent real with effect from 31 March 2013. Where discounting is used, the increase in the provision due to borrowing costs is recognised as a finance cost.

1.30 Contingent liabilities and contingent assets

Contingent assets and liabilities are not recognised as liabilities or assets in the Statement of Financial Position but are disclosed in the notes to the accounts in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets.*

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by uncertain future events or present obligation arising from past events that are not recognised because either an outflow of economic benefit is not probable or the amount of the obligation cannot be reliably measured.

The Department discloses a contingent asset where it is probable there will be an inflow of economic benefits from an event whose outcome is uncertain. An estimate of the financial effect is indicated where possible.

In addition to contingent assets and liabilities disclosed in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

Where the time value of money is material, contingent liabilities which are required to be disclosed under *IAS 37* are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by *IAS 37* are stated at the amounts reported to Parliament.

1.31 Impending application of newly issued accounting standards not yet effective

Certain new standards, interpretations and amendments to existing standards have been published that the Department will be required to apply on or after 1 April 2013 or later periods, following EU-adoption and as applied by the *FReM*. The Department provides disclosure that it has not yet applied a new accounting standard, and known or reasonably estimable information relevant to assessing the possible impact that initial application of the new standard will have on the department's financial statements. The Department will assess the impact of these standards.

IAS 1 'Presentation of financial statements (Other Comprehensive Income)' (effective 1 June 2012)
This requires items of Other Comprehensive Income (OCI) to be grouped on the basis of whether they might at some point be reclassified from OCI to profit or where they will not.

IAS 12 'Income Taxes' – Amendment (effective 1 January 2012)

Effective 1 January 2013:
Amendment to IAS 19 'Employee Benefits' (Post–employment benefits (pensions))'
This includes changes to recognition, presentation and disclosures.

IFRS 10 'Consolidated Financial Statements'
Definition of control requires more judgement, notably of agency-principal relationships.

IFRS 11 'Joint Arrangements'
This provides a principles-based definition of joint arrangements (joint operations or joint ventures) based on rights and obligations. Proportional consolidation accounting for joint ventures is no longer permitted (only equity accounting).

IFRS 12 'Disclosure of Interests in Other Entities'
This requires more disclosure of the financial effects on, and risks to, the consolidating entity.

IAS 27 'Consolidated and Separate Financial Statements' - Amendment

IAS 28 'Investments in Associates and Joint Ventures' - Amendment

IFRS 13 'Fair Value Measurement'
This will provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS.

Annual Improvements 2009-11 on or after 1 January 2013:
IAS 1 'Presentation of Financial Statements'
This will provide clarification of the requirements for comparative information.

IAS 16 'Property Plant and Equipment
Classification of servicing equipment.

IAS 32 'Financial Instruments: Presentation'
Tax effect of distribution to holders of equity instruments.

IAS 34 'Interim Financial Statements'
Interim financial reporting and segment information for total assets and liabilities.

IFRS 9 'Financial Instruments' (effective 1 January 2015)
This comprises three phases. Phase 1 addresses classification and measurement issues. Phase 2 addresses impairments and Phase 3 addresses hedge accounting.

2. Net Outturn

2.1 Analysis of net resource outturn by section

£000										2012-13	2011-12
	Outturn							Estimate			
	Administration			Programme				Total			
	Gross	Income	Net	Gross	Income	Net	Total	Net Total	Net Total compared to Estimate	Net Total compared to Estimate, adjusted for virements	Prior-year outturn
Spending in Departmental Expenditure Limit											
Voted											
A: Support to the Cabinet, the PM & the Deputy PM	65,310	(9,033)	56,277	4,819	-	4,819	61,096	56,371	(4,725)	-	59,991
B: Political & Constitutional Reform	3,740	-	3,740	6,218	-	6,218	9,958	12,105	2,147	2,147	10,772
C: National Security	16,077	(480)	15,597	30,274	(1,399)	28,875	44,472	46,855	2,383	2,383	48,149
D: Efficiency & Reform	78,823	(39,492)	39,331	180,012	(8,678)	171,334	210,665	223,848	13,183	13,022	232,724
E: Hosted Functions	1,410	(50)	1,360	1,408	(1,428)	(20)	1,340	1,926	586	344	1,566
F: Corporate Services Group	116,832	(47,548)	69,284	2,291	47	2,338	71,622	83,127	11,505	6,941	92,442
G: Executive NDPBs (Net)	1,442	-	1,442	-	-	-	1,442	1,200	(242)	-	1,313
Non-voted											
H: Consolidated Fund Standing Services	-	-	-	1,831	-	1,831	1,831	2,143	312	312	1,848
TOTAL	**283,634**	**(96,603)**	**187,031**	**226,853**	**(11,458)**	**215,395**	**402,426**	**427,575**	**25,149**	**25,149**	**448,805**
Annually Managed Expenditure											
Voted											
I: Corporate Services Group	-	-	-	(35,479)	-	(35,479)	(35,479)	5,480	40,959	40,959	5,119
Non-budget	-	-	-	-	-	-	-	-	-	-	-
Total	**283,634**	**(96,603)**	**187,031**	**191,374**	**(11,458)**	**179,916**	**366,947**	**433,055**	**66,108**	**66,108**	**453,924**

2.2 Analysis of net capital outturn by section

£000						2012-13	2011-12
	Outturn			Estimate			Outturn
	Gross	Income	Net	Net	Net total compared to Estimate	Net total compared to Estimate, adjusted for virements	Net Outturn
Spending in Departmental Expenditure Limit							
Voted							
A: Support to the Cabinet, the PM & the Deputy PM	1,941	(143)	1,798	1,203	(595)	-	1,538
B: Political & Constitutional Reform	2,290	-	2,290	3,000	710	710	-
C: National Security	(40)	-	(40)	-	40	40	(1,854)
D: Efficiency & Reform	12,431	(8,000)	4,431	12,768	8,337	7,370	12,056
F: Corporate Services Group	50,882	(44,307)	6,575	6,203	(372)	-	5,701
Total	**67,504**	**(52,450)**	**15,054**	**23,174**	**8,120**	**8,120**	**17,441**

Net resource outturn
A saving of £66.108 million comprises £25.149 million in DEL (of which £10.411 million is depreciation) and £40.959 million in AME.

Within DEL savings are due to lower than anticipated spend within Constitutional Reform (ring fenced budget), some delays to programmes, mainly within the Government Innovation Group, and due to efficiencies and savings made to enable the Department to return some budget to HM Treasury, as agreed earlier in the year.

Within AME a saving of £32.003 million is generated by gains arising on changes in fair value of investment properties.

Net capital outturn
A saving of £8.120 million primarily relates to the "Community First Endowment Match Challenge" programme which is designed to increase local philanthropy whereby Cabinet Office matches donations made by members of the public on a 2:1 basis. The funding raised by members of the public was less than expected.

Detailed explanations on variances may be found in the section 'Performance against Parliamentary Control Totals' within the Management Commentary.

3. Reconciliation of outturn to net operating cost and against Administration Budget and Administration net operating costs

3.1 Reconciliation of net resource outturn to net operating costs

£000		2012-13	2011-12
	Note	Outturn	Outturn
Total Resource Outturn in Statement of Parliamentary Supply			
Budget	2.1	366,947	453,924
Non-Budget		-	-
		366,947	453,924
Add :			
Capital Grants	8	7,963	10,839
Capital Grant-in-Kind		44,145	-
Depreciation on dual reported PFI assets		47	91
Service concession - Programme	8	2,418	11,280
Less:			
Capital Grant Income	9	(8,105)	(1,986)
Service concession – Administration		(1,834)	(9,793)
UK members of the European Parliament	2.1	(1,831)	(1,848)
Share of Joint Venture profit and gain on opening net assets		(5,882)	-
Net Operating Costs in Consolidated Statement of Comprehensive Net Expenditure		**403,868**	**462,507**

3.2 Outturn against final Administration Budget and Administration net operating costs

£000	Note	2012-13	2011-12
Estimate – Administration costs limit		**199,434**	**209,920**
Outturn – Gross Administration Costs		283,634	265,915
Outturn – Gross Income relating to administration costs		(96,603)	(79,176)
Outturn – Net administration costs	2.1	**187,031**	**186,739**
Reconciliation to operating costs:			
Add: Depreciation on PFI Service Concession		-	91
Less: Utilisation of provisions (transfer from programme)	21	(4,062)	(1,643)
Less: Service Concession (Administration)		(1,834)	(9,793)
Administration Net Operating Costs		**181,135**	**175,394**

Detailed explanations of the variances are given in the section 'Performance against Parliamentary Control Totals' within the Management Commentary.

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4. Reconciliation of Net Resources to Net Cash Requirement

£000				2012-13
	Note	Estimate	Outturn	Net total outturn compared with Estimate: saving/(excess)
Resource Outturn	2.1	**433,055**	**366,947**	**66,108**
Capital Outturn	2.2	**23,174**	**15,054**	**8,120**
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
Depreciation	7, 8	(19,520)	(5,973)	(13,547)
Amortisation	7, 8	-	(2,017)	2,017
Impairment	7, 8	(7,430)	(4,705)	(2,725)
Bad debt write off	8	-	(80)	80
New provisions and adjustments to previous provisions	8	(1,295)	920	(2,215)
Audit fee	7	(425)	(425)	-
Investment property gain on change in fair value	8	-	32,003	(32,003)
Adjustments for NDPBs:				
Remove voted resource and capital	2.1	(1,200)	(1,442)	242
Remove voted resource and capital - Accrual		-	(96)	96
Elimination adjustment		-	106	(106)
Add cash grant-in-aid	8	1,200	1,432	(232)
Adjustment to reflect movements in working balances:				
Increase in stock		-	42	(42)
Increase in trade receivables		-	394	(394)
Decrease in trade payables		52,258	35,815	16,443
Use of provisions	21	4,345	4,062	283
Carbon Reduction Commitment Energy Efficiency Scheme:				
Capital assets outside the scope of capital budgets and outturn				
Purchase of allowances for carbon dioxide emissions	12	-	154	(154)
Surrender of allowances for carbon dioxide emissions	7	-	(77)	77
Memorandum adjustments:				
Depreciation on PFI assets		-	47	(47)
Remove service concession from administration budget		(2,360)	(1,834)	(526)
Add service concession to programme accounts	8	2,360	2,418	(58)
		484,162	**442,745**	**41,417**
Removal of non-voted budget items:				
Consolidated Fund Standing Services	2.1	(2,143)	(1,831)	(312)
Net cash requirement		**482,019**	**440,914**	**41,105**

A saving of £41.105 million is attributable to under-spends in resource outturn of £66.108 million as adjusted to remove non-cash items of £48.393 million and under-spends in capital outturn of £8.120 million and a saving on movements in working capital of £16.007 million. A year-on-year fall in the level of accruals of £52.258 million had been forecast which would have generated a similar increase in the level creditors at year-end but the actual fall in the level of accruals was less than expected by £16.007 million. Detailed explanations on variances may be found in the section ‘Performance against Parliamentary Control Totals’ within the Management Commentary.

5. Statement of Net Resource Outturn by Operating Segment

£000	Note	2012-13 Gross outturn	2012-13 Income	2012-13 Net Outturn	2011-12 Gross Outturn	2011-12 Income	2011-12 Net Outturn
Segment							
1. Support to the Cabinet, Prime Minister and Deputy Prime Minister		85,829	(16,977)	68,852	62,561	(4,036)	58,525
2. Political and Constitutional Reform		13,022	(1,234)	11,788	12,900	(114)	12,786
3. National Security		59,746	(7,541)	52,205	64,353	(4,478)	59,875
4. Efficiency and Reform		335,963	(80,026)	255,937	442,318	(137,555)	304,763
5. Independent Business Units		4,016	(2,105)	1,911	3,062	(1,277)	1,785
6. Civil Service Commission		1,646	(178)	1,468	1,313	-	1,313
Total RDEL – excluding CFSS, depreciation and audit fee		**500,222**	**(108,061)**	**392,161**	**586,507**	**(147,460)**	**439,047**
Consolidated Fund Standing Services (CFSS)		1,831	-	1,831	1,848	-	1,848
		502,053	**(108,061)**	**393,992**	**588,355**	**(147,460)**	**440,895**
Ring fenced depreciation and audit fee		8,434	-	8,434	7,910	-	7,910
Total Resource DEL (RDEL)	2.1	**510,487**	**(108,061)**	**402,426**	**596,265**	**(147,460)**	**448,805**

The segmental analysis has been prepared to align with the reporting of the Cabinet Office's structure, where units within the Department have been organised into pillars, which are represented by the segments shown above. Financial information is reported through a regular Performance Report, which adopts the segmental analysis shown above. The Performance Report is reviewed by the Cabinet Office Board, chaired by the Minister for the Cabinet Office, and also the Executive Management Committee (EMC), chaired by the Accounting Officer.

The segmental analysis total net outturn in Resource Departmental Expenditure Limit agrees to Note 2.1. Overall outturn at Note 2.1 includes Resource Annually Managed Expenditure and is reconciled to net operating costs at Note 3.1. Explanations on year on year variance may be found in the section 'Year on Year Comparison' and on outturn against budget may be found in the section 'Performance against Parliamentary Controls Totals'; both within the Management Commentary.

Segment 1 - Support to the Cabinet, Prime Minister and Deputy Prime Minister
Segment 1 provides support to the Cabinet, to drive the coherence, quality and delivery of policy and operations across departments, and provides support to the Prime Minister and Deputy Prime Minister, to define and deliver the government's objectives, implement political and constitutional reform, and drive forward from the centre particular cross-departmental priority issues.

Segment 2 - Political and Constitutional Reform
Segment 2 covers the work of Political and Constitutional Reform, which provides support to the Deputy Prime Minister and Minister for Political and Constitutional Reform in delivering the wide-ranging political and constitutional reform agenda set out in the coalition's Programme for Government. Political and Constitutional Reform delivers day-to-day policy and operational work on issues relating to the constitutional structure of the UK and electoral law, policy and conduct and also includes the Office of the Privy Council, and supports ministerial sponsorship of the Independent Parliamentary Standards Authority (IPSA) and the Boundary Commissions for England and Wales.

Segment 3 - National Security
Segment 3 covers the work of the National Security Secretariat (NSS), responsible for defence and foreign affairs as well as intelligence, security and resilience issues. NSS advises the Prime Minister and Ministers

5. Statement of Net Resource Outturn by Operating Segment (continued)

on the Government's response to cross-cutting strategic issues relating to intelligence and leads on intelligence assessment and priorities through the central intelligence machinery. It coordinates the Government's response to civil emergencies, terrorist incidents and international crises. It is also responsible for the Single Intelligence Account, which funds the work of the UK intelligence agencies. It works in partnership with all government units with a security or intelligence remit as well as the security and intelligence agencies.

Segment 4 - Efficiency and Reform

Segment 4 covers the work carried out by the areas previously combined together as the Efficiency and Reform Group (ERG). ERG was created in early 2010-11, to bring together a range of functions previously scattered between departments to lead and drive substantial changes and reforms in Civil Service HR, ICT, commercial and procurement, estates and other support functions. In 2011-12, the Central Office of Information (COI), National School of Government (NSG) and Government Property Unit (GPU) were brought into ERG by way of Machinery of Government Transfer. COI and NSG have been closed down, but GPU remains a fully functioning unit within ERG.

The three key elements of segment 4 are now:

The **Efficiency and Reform Group** (ERG) works in partnership with HM Treasury and government departments to deliver efficiencies, savings and reforms on behalf of UK taxpayers. ERG aims to transform the way public services are delivered, improve user experience and support UK growth. ERG includes GPU and the Government Digital Service.

The **Government Innovation Group** develops new approaches to tackle social problems in order that public services can deliver better with less. It is made up of Civil Society, Transparency, Behavioural Insights, Analysis and Insight and Open Policy Making teams.

The **Civil Service Reform Group** is responsible for delivering the Civil Service Reform Plan (published June 2012) which set out a series of specific and practical actions for reform, which, when implemented, will lead to real change for the Civil Service. It will equip a smaller Civil Service to meet current and future challenges, including the demands of public sector reform and rising consumer expectations, as well as economic and financial challenges.

Segment 5 - Independent Business Units

Segment 5 covers the Independent Business Units which are hosted by the Cabinet Office. The Cabinet Office is often tasked to lead with inquiries, reports, and other areas of work which require independence, but which work across a number of Departments. The work covered by this segment includes the Iraq Inquiry, Detainee Inquiry, Independent Offices, Committee for Standards in Public Life and the Intelligence and Security Committee.

Segment 6 – Civil Service Commission

Segment 6 covers the Civil Service Commission.

Consolidated Fund Standing Services

Consolidated Fund Standing Services include the salaries and pension costs of UK Members of the European Parliament (MEPS) set out at Figure 2(a) in the section Management Commentary – Performance against Parliamentary Control Totals.

Corporate Services Group net DEL outturn as reported in Note 2.1 is allocated across operating segments in proportion to their net outturn.

6. Staff numbers and related costs

Staff costs comprise:

£000						2012-13	2011-12
	Permanently employed staff	**Commissioners**	**Others**	**Ministers**	**Special advisers**	**Total**	**Total**
Wages and salaries	91,650	508	-	392	3,157	95,707	91,425
Social security costs	8,920	84	-	39	331	9,374	8,420
Other pension costs	18,365	-	-	-	663	19,028	17,307
Agency/temporary	-	-	13,815	-	-	13,815	8,530
Termination benefits	303	-	-	-	-	303	21,166
Sub total	**119,238**	**592**	**13,815**	**431**	**4,151**	**138,227**	**146,848**
Inward secondments	-	-	5,709	-	-	5,709	8,256
Total	**119,238**	**592**	**19,524**	**431**	**4,151**	**143,936**	**155,104**
Less:							
Recoveries in respect of outward secondments	-	-	(2,525)	-	-	(2,525)	(2,077)
Total staff costs	**119,238**	**592**	**16,999**	**431**	**4,151**	**141,411**	**153,027**
Staff engaged on Capital projects[1]	(1,708)	-	(1,023)	-	-	(2,731)	-
Total net staff costs	**117,530**	**592**	**15,976**	**431**	**4,151**	**138,680**	**153,027**

[1] *£2,730,226 has been charged to capital*

£000			2012-13			2011-12
Of which:	**Charged to Administration budgets**	**Charged to Programme budgets**	**Total (Post Consolidation)**	**Charged to Administration budgets**	**Charged to Programme budgets**	**Total (Post Consolidation)**
Core department	105,019	32,756	137,775	120,974	31,224	152,198
NDPBs	905	-	905	829	-	829
Total net costs	**105,924**	**32,756**	**138,680**	**121,803**	**31,224**	**153,027**

During the year, costs of **£19,027,833** were incurred in respect of pensions (2011-12: **£17,307,419**).

Of this amount, **£18,949,123** (2011-12: **£17,233,250**) was borne by the core department and **£78,710** was borne by the Civil Service Commission (2011-12: **£74,169**).

The following analysis is in respect of the core department:

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Cabinet Office is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the Accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/my-civil-service/pensions).

For 2012-13, employers' contributions of **£17,404,585** were payable to the PCSPS (2011-12: **£16,518,704**) at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands. The scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

6. Staff numbers and related costs (continued)

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of **£100,461** (2011-12: **£127,670**) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 per cent to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay.

In addition, employer contributions of **£6,658** (2011-12: **£8,397),** 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death-in-service and ill-health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were **£7,123** (2011-12: **£8,022**). Contributions prepaid at that date were **£Nil** (2011-12: **£Nil**).

Special advisers' pension costs incurred during the year were **£496,352** (2011-12: **£578,479**).

In addition, the department recognised a liability to pay a debt to the Trustees of the Labour Party Superannuation Society in the amount of **£941,067** (2011-12: £Nil). This represents a funding shortfall for benefits built up by special advisers and is due from the Crown following its cessation as a participating employer in its pension scheme. See also Note 28.2.

During the year one individual (2011-12: no individuals) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to **£2,610** (2011-12: **£Nil**).

Average number of persons employed

The average number of whole time equivalent persons employed during the year was as follows. These figures include those working in the department as well as other bodies included within the consolidated departmental accounts.

Numbers						2012-13	2011-12
Operating Segments	**Total**	**Permanently employed staff**[1]	**Commissioners**[2]	**Others**[3]	**Ministers**	**Special Advisers**	**Total**
Support to the Cabinet, the PM & the Deputy PM	641	585	-	2	8	46	544
Political & Constitutional Reform	115	114	-	1	-	-	98
National Security	242	239	-	3	-	-	249
Efficiency & Reform	760	705	-	55	-	-	1,463
Hosted Functions	9	9	-	-	-	-	12
Corporate Services Group	184	184	-	-	-	-	168
Executive NDPBs (Net)	14	12	2	-	-	-	6
Staff engaged on Capital projects	72	48	-	24	-	-	-
Total	**2,037**	**1,896**	**2**	**85**	**8**	**46**	**2,540**
Of which:							
Core Department	**2,023**	1,884	-	85	8	46	2,534
NDPBs	**14**	12	2	-	-	-	6
Total	**2,037**	**1,896**	**2**	**85**	**8**	**46**	**2,540**

[1] Permanent staff headcount as at 31 March 2013 is further analysed at Table 5 in the Section Management Commentary - Financial Review – Public Expenditure Data where headcount is presented as actual headcount at 31 March.
[2] Commissioners receive emoluments for board fees.
[3] Others' category represents agency / temporary staff.

6.1 Reporting of Civil Service and other compensation schemes – exit packages

£	Core Department				Departmental Group			
	2012-13			2011-12	2012-13			2011-12
Exit package by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	_	1	1	18	_	1	1	18
£10,000 - £25,000	_	_	_	89	_	_	_	89
£25,000 - £50,000	_	2	2	165	_	2	2	165
£50,000 - £100,000	_	_	_	130	_	_	_	130
£100,000- £150,000	_	2	2	19	_	2	2	19
£150,000- £200,000	_	_	_	9	_	_	_	9
£200,000- £250,000	_	_	_	1	_	_	_	1
£250,000- £300,000	_	_	_	1	_	_	_	1
Total number of exit packages	_	**5**	**5**	**432**	_	**5**	**5**	**432**
Total cost	_	**£302,595**	**£302,595**	**£21,166,258**	_	**£302,595**	**£302,595**	**£21,166,258**

Core Department
Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year in which the departure was agreed as binding. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

The termination benefits of **£302,595** (2011-12: **£21,166,258)** are included in the staff costs and in the exit package table.

NDPBs
There were no redundancy costs paid during the reporting year.

7. Other administration costs

£000		2012-13		2011-12	
	Note	Core Department	Departmental Group	Core Department	Departmental Group
Rentals under operating leases					
Hire of plant and machinery		127	127	829	829
Land and buildings		11,567	11,567	6,897	6,897
Total rentals under operating leases		**11,694**	**11,694**	**7,726**	**7,726**
Lease surrender premium	30.1	**16,350**	**16,350**	**-**	**-**
PFI and other service concession arrangements service charges		**2,242**	**2,242**	**2,713**	**2,713**
Interest charges		**121**	**121**	**-**	**-**
Goods and services					
Pensions administration fee – MyCSP Limited	31	30,834	30,834	-	-
Accommodation and utilities		24,039	24,039	25,132	25,132
Business rates		2,646	2,646	3,801	3,801
IT costs		16,645	16,649	16,252	16,252
Consultancy		4,878	5,136	7,857	8,077
Professional services		25,684	25,684	20,238	20,238
Supplies and services		15,386	15,455	28,278	28,344
Other staff-related costs		2,968	2,966	3,502	3,544
Travel, subsistence and hospitality		6,387	6,420	6,489	6,531
Auditors' remuneration and expenses – NDPBs[1]		-	7	-	7
Competition fees paid to Commissioners		-	167	-	106
Total goods and services		**129,467**	**130,003**	**111,549**	**112,032**
Non-cash items					
Depreciation	10	5,396	5,396	4,907	4,907
Amortisation	12	276	276	877	877
Release of deferred income		-	-	(5)	(5)
Impairment	10, 12, 16	2,891	2,891	-	-
Loss on disposal of property, plant and equipment	10	9	9	113	113
Loss on disposal of PPE - donated assets	10	4	4	1,759	1,759
Loss on disposal of intangible assets	12	-	-	10	10
Auditors' remuneration and expenses – Core Department[1]		425	425	368	368
Carbon Dioxide Emissions	12	77	77	-	-
Total non-cash items		**9,078**	**9,078**	**8,029**	**8,029**
Total		**168,952**	**169,488**	**130,017**	**130,500**

[1] *During the year the Department and its NDPBs have not purchased any non-audit services from its auditors, the National Audit Office (2011-12: £Nil)*

8. Programme costs

£000	Note	Core Department 2012-13	Departmental Group 2012-13	Core Department 2011-12	Departmental Group 2011-12
Rentals under operating leases					
Land and buildings		1,338	1,338	571	571
Total rentals under operating leases		**1,338**	**1,338**	**571**	**571**
PFI and other service concession arrangements service charges		**2,418**	**2,418**	**11,280**	**11,280**
Goods and services					
Accommodation and utilities		8,083	8,083	8,892	8,892
Business rates		1,032	1,032	445	445
Consultancy		1,061	1,061	3,334	3,334
Professional services		123	123	893	893
Grant fund management services		1,286	1,286	2,305	2,305
IT costs		16,633	16,633	10,266	10,266
Other staff-related costs		659	659	1,728	1,728
Supplies and services		51,774	51,774	79,849	79,849
Lord Lieutenants' expenses		1,377	1,377	1,319	1,319
Travel, subsistence and hospitality		646	646	766	766
Total goods and services		**82,674**	**82,674**	**109,797**	**109,797**
Grants and subsidies					
Resource Grants to Local Authorities		961	961	92	92
Resource Grants to Private Sector		82,603	82,603	137,126	137,126
Resource Grants to NDPBs		19,247	19,247	37,370	37,370
Resource Grants to Central Government Bodies		414	414	510	510
Capital Grants to Private Sector		7,963	7,963	10,839	10,839
Grants-in-Aid to Civil Service Welfare Bodies		1,376	1,376	1,654	1,654
Grants-in-Aid to Private Sector		682	682	719	719
Grants-in-Aid to Executive Non-Departmental Public Bodies		1,432	-	1,107	-
Subsidy to Public Corporation		-	-	6,282	6,282
Total resource and capital grants and subsidy		**114,678**	**113,246**	**195,699**	**194,592**
Non-cash items					
Depreciation	10	596	596	886	886
Release of deferred income		(19)	(19)	-	-
Amortisation	12	1,741	1,741	1,138	1,138
Impairment	10, 12, 16	844	844	1,290	1,290
Impairment - devaluation of assets	10, 12, 16	811	811	-	-
Impairment - loans	15, 16	159	159	128	128
Loss on disposal of Property, plant and equipment	10	113	113	-	-
Capital Grant in Kind – Property	17	44,145	44,145	-	-
Investment properties gains on change in fair value	11	(32,003)	(32,003)	-	-
Provision provided for in year	21	(180)	(180)	6,232	6,232
Borrowing costs (unwinding of discount on provisions)	21	(369)	(369)	269	269
Bad debt write off		80	80	238	238
Provision for doubtful debt	18	(371)	(371)	(291)	(291)
Total non-cash items		**15,547**	**15,547**	**9,890**	**9,890**
Total		**216,655**	**215,223**	**327,237**	**326,130**

8.1 Programme costs analysed by programme

£000	Note	2012-13 Core Department	2012-13 Departmental Group	2011-12 Core Department	2011-12 Departmental Group
PFI and other service concession arrangements service charges		**2,418**	**2,418**	**11,280**	**11,280**
National Security Secretariat					
Government Security Zone: Other expenditure		890	890	1,010	1,010
Information Assurance Technical Programme		-	-	1,200	1,200
Resilient Telecommunications		6,396	6,396	6,062	6,062
BBC Monitoring		17,476	17,476	21,700	21,700
Gold Standard		-	-	269	269
Research and Doctrine		-	-	12	12
CSIA Running Costs		-	-	54	54
Cyber Security		-	-	20	20
Olympic Resilience: Resource Grants		136	136	9	9
Olympic Resilience: Other expenditure		33	33	217	217
CCS Resilient Telecommunications: Resource Grants		200	200	-	-
Total National Security Secretariat		**25,131**	**25,131**	**30,553**	**30,553**
Political and Constitutional Reform					
Lord Lieutenants' Expenses		1,377	1,377	1,319	1,319
Boundary Commissions for England and for Wales		603	603	1,798	1,798
Electoral Registration Transformation Programme:					
Resource Grants		348	348	-	-
Other expenditure		504	504	1,090	1,090
Other		74	74	62	62
Total Political and Constitutional Reform		**2,906**	**2,906**	**4,269**	**4,269**
Prime Minister's Office					
Great Campaign: Other expenditure		2,952	2,952	-	-
Total Prime Minister's Office		**2,952**	**2,952**	**-**	**-**
Efficiency and Reform Group					
Government Digital Service					
Government Digital Service		12,097	12,097	9,732	9,732
GDS ID Assurance: Resource Grants		1,171	1,171	-	-
GDS Businesslink		6,184	6,184	-	-
Total Government Digital Service		**19,452**	**19,452**	**9,732**	**9,732**
Mutuals					
Resource Grants		12	12	-	-
Other expenditure		755	755	150	150
Total Mutuals		**767**	**767**	**150**	**150**
Office of the Government CIO & SIRO					
Common Good Information Assurance Research		291	291	206	206
Government Cloud		256	256	-	-
Public Service Network		(134)	(134)	919	919
Other		40	40	-	-
Total Office of the Government CIO & SIRO		**453**	**453**	**1,125**	**1,125**
Total Efficiency and Reform Group		**20,672**	**20,672**	**11,007**	**11,007**
Office for Civil Society					
Capacitybuilders					
Other expenditure		-	-	(7)	(7)
Futurebuilders					
Other expenditure		-	-	2	2
v:					
Resource Grants		1,000	1,000	1,250	1,250
Strategic Programme:					
Resource Grants		2,185	2,185	2,868	2,868
Capital Grants		6	6	-	-
Social Action:					
Resource Grants		27,024	27,024	17,964	17,964

£000	Note	2012-13 Core Department	2012-13 Departmental Group	2011-12 Core Department	2011-12 Departmental Group
Capital Grants		-	-	30	30
Other expenditure		363	363	676	676
Community Assets:					
Other expenditure		26	26	337	337
Grassroots Grants and Targeted Support Fund:					
Capital Grants		-	-	1,688	1,688
Other expenditure		-	-	287	287
Social Enterprise:					
Other expenditure		-	-	(3)	(3)
Risk Capital Fund for Social Enterprise:					
Other expenditure		15	15	15	15
Compact:					
Resource Grants		340	340	350	350
Capital Grants		18	18	-	-
Other expenditure		-	-	(131)	(131)
Charity Act Implementation:					
Other expenditure		35	35	27	27
National Citizen Service (NCS):					
Resource Grants		36,289	36,289	20,775	20,775
Other expenditure		25,747	25,747	639	639
Transition Fund:					
Resource Grants		-	-	88,936	88,936
Other expenditure		161	161	871	871
Office for Civil Society general research programme:					
Resource Grants		150	150	100	100
Other expenditure		803	803	144	144
Skills Strategy Development:					
Resource Grants		299	299	250	250
Community Organisers:					
Resource Grants		3,447	3,447	2,560	2,560
Other expenditure		1,965	1,965	1,647	1,647
Community First:					
Resource Grants		8,600	8,600	3,693	3,693
Capital Grants		7,939	7,939	9,121	9,121
Other expenditure		682	682	461	461
Structural Support:					
Resource Grants		15,392	15,392	15,824	15,824
Technical Assistance:					
Resource Grants		5,633	5,633	100	100
Other expenditure		292	292	172	172
Big Society Capital:					
Resource Grants		-	-	1,628	1,628
Advice Services Fund:					
Resource Grants		373	373	17,770	17,770
Other:					
Other expenditure		684	684	477	477
Total Office for Civil Society		**139,468**	**139,468**	**190,521**	**190,521**
Civil Service Commission					
Grant-in-Aid		1,432	-	1,107	-
Total Civil Service Commission		**1,432**	**-**	**1,107**	**-**
Government Property Unit		**-**	**-**	**3,278**	**3,278**
Subsidy to Public Corporation		**-**	**-**	**6,282**	**6,282**
Central Office of Information Residual Activity		**65**	**65**	**56,087**	**56,087**
Other					
Resource Grants		519	519	320	320
Grant-in-Aid		2,058	2,058	2,371	2,371
Other expenditure		3,487	3,487	272	272
Total Other		**6,064**	**6,064**	**2,963**	**2,963**
Sub total		**201,108**	**199,676**	**317,347**	**316,240**
Total non-cash items	8	**15,547**	**15,547**	**9,890**	**9,890**
Total		**216,655**	**215,223**	**327,237**	**326,130**

8.1 Programme costs analysed by programme (continued)

Notes

National Security Secretariat

Government Security Zone – Payments to the Metropolitan Police Service for the manning and running costs of the dedicated incident management control centre.

Information Assurance Technical Programme – The IATP was a Ministry of Defence (MOD)/Communications-Electronics Security Group (CESG) portfolio programme to develop a range of information assurance capabilities to support cross-departmental requirements which finished in 2011-12.

Resilient Telecommunications – A programme to provide resilient communications to Public Authorities.

BBC Monitoring – Purchase of subscriptions services for the supply of news, information and comment from worldwide media.

Civil Contingencies Secretariat (CCS) was been commissioned and funded by Olympic Security Directorate, Home Office to deliver the **Olympic Resilience** Project. The project was to ensure that multi-agency plans and capabilities were put in place so the consequences of key risks to the safety and security of the Games could be managed. This project finished in September 2012.

CCS Resilient Telecommunications – The Direct Electronic Incident Transfer project is working to develop the data standards, business processes and technology demonstrator to improve the way in which core incident data can be exchanged between emergency services control rooms

Political and Constitutional Reform

Lord Lieutenants' Expenses
The Elections and Parliament Division is responsible for making certain expenses payments to Her Majesty's Lord-Lieutenants.

Parliamentary Boundary Commissions for England and for Wales
The Parliamentary Boundary Commissions for England and for Wales were carrying out reviews of the boundaries of Parliamentary constituencies in their respective areas. The reviews were being conducted in accordance with the Parliamentary Voting System and Constituencies Act 2011 which provides for a reduction in the number of constituencies and for more equal sized constituencies. The review was due to complete in 2013, however, the Electoral Registration and Administration Act 2013 moved the review of the boundaries of parliamentary constituencies from 2013 to 2018.

Electoral Registration Transformation Parliamentary Programme
The Electoral Registration Transformation Programme (ERTP) supports the implementation of Individual Electoral Registration (IER), to tackle electoral fraud and improve electoral registration. This is a key part of the political reform package in the Coalition Agreement. Cabinet Office Ministers have approved a timetable for implementation in 2014.

Prime Minister's Office

The Communications **Great Campaign** Team will be working to increase UK jobs and growth by encouraging more tourists, students and inward investors to visit, study and invest in the UK. They will also aim to encourage and support more British companies to export to our target markets and enhance the UK's reputation aboard.

Efficiency and Reform Group

Government Digital Service

Government Digital Service works to achieve the following objectives; to make transactions between citizens and Government simpler, cheaper and easier; to encourage and support more people to use online services; to drive quality and take up of digital public services by making government on the web easier to find and simpler to use; to equip central government to engage with citizens online effectively; and, to foster, across government, a digital culture for the delivery of citizen, business and government focused services. The core purpose is to ensure that the Government offers word-class digital products that meet people's needs. Achievement of these objectives will be assisted by organisation and process developments to support the new Government Digital Service strategy and support delivery of 'digital by default' services to agreed quality standards.

GDS ID Assurance supports the government's digital by default agenda by providing a simple, trusted and secure way to access digital public services based on published standards and commissioned services. The service protects personal data from compromise and misuse, and ensures an appropriate level of privacy for the transaction.

8.1 Programme costs analysed by programme (continued)

GDS Businesslink was a government-funded business advice and guidance service in England. It consisted of an online portal managed by HM Revenue and Customs and a national helpline number. The online portal was replaced by the new GOV.UK website on 17 October 2012.

The Efficiency and Reform Group supports public sector workers to form their own employee-led organisations, in three key ways: a **Mutuals** Taskforce convenes key policymakers and experts to drive the changes to policy and process necessary across Whitehall to address the issues that mutuals face; a Pathfinder programme leading the way in forming more mutuals and; the Mutuals Support Programme will support some of the most promising and innovative mutuals so that they reach the point of investment readiness.

Office of the Government Chief Information Officer (CIO) and Senior Information Risk Owner (SIRO)

Common Good Information Assurance Research – Core funding for Information Assurance Research at Communications-Electronics Security Group (CESG), the National Technical Authority for Information Assurance (part of Government Communications Headquarters (GCHQ)).

The **Government Cloud (G-Cloud)** programme encompasses the G-Cloud, CloudStore (formerly known as the Application Store for Government and Hosting Services Consolidation (formerly known as Data Centre Consolidation) strategy strands. The G-Cloud Programme will transform the way ICT is delivered across the Public Sector, through introducing shared, re-usable ICT services that will be used by multiple public sector organisations, giving rise to financial savings, environmental benefits and enabling the faster and more effective delivery of enhanced services to citizens and employees. The programme receives support from numerous other major government departments both through funding and through voluntary manpower.

The aim of the **Public Sector Network** (PSN) programme is to create a network of networks providing secure fixed and mobile communications operating to common standards. The PSN objective is for the whole Public Sector (e.g. the Government Secure Intranet and Managed Telephony Systemcentral and local government) to transition from current environments (e.g. the Government Secure Intranet and Managed Telephony System) and be fully operational on PSN services by 2020. The Public Sector Network strategy will generate a single telecommunications service supporting email, telephony and other services (e.g. video conferencing) along with a supporting network. It will take the procurement of network services into the 21st century, by creating a centrally managed standard design to save time and money and enable the easier, yet more secure, sharing of services and information. The credit in 2012-13 relates to costs which were accrued for in 2011-12 that did not materialise.

Office for Civil Society (OCS)

v – Project funded by the Office for Civil Society aimed at encouraging volunteering and increasing the number of opportunities for young volunteers. **v** are an independent charity established by the then government on 8th May 2006.

Strategic Programme - Grants to civil society organisations to enable greater voice and engagement in policy development.

Social Action – Grant schemes, including strategic grants aimed at local community, volunteering and charitable giving organisations.

Grassroots Grants and the Targeted Support Fund – Grants to support the activities of small and local community groups. The Targeted Support Fund only ran during 2009-10.

Compact – To enable the government and the sector to improve their relationship for mutual advantage and community gain. This programme has been largely delivered through an eNDPB, Commission for the Compact Limited which closed on 31 March 2011.

Charity Act Implementation – Implementation of the Charities Act which will enable charities to administer themselves more efficiently, improve the regulation of charity fundraising, provide a clear definition of charity and modernise the Charity Commission's functions and powers as regulator.

National Citizen Service – brings 16 year olds from different backgrounds together in a residential and home-based programme of activity and is delivered through a series of grant agreements with delivery partners. NCS is a key part of the Big Society agenda and is designed to promote a more cohesive, responsible and engaged society.

Transition Fund – A transition fund was announced as part of the Spending Review and provided £100 million funding to voluntary and community organisations, charities and social enterprises in England. This gives them the breathing space they need to enable them to manage the transition to a tighter funding environment, and to take advantage of future opportunities presented by the Big Society.

Office for Civil Society – general research programme.

Skills Strategy Development – Payment to support Skills-Third Sector – an organisation established to support the voluntary, community and social enterprise sector to have the right people with the right skills to deliver their ambitions.

8.1 Programme costs analysed by programme (continued)

The **Community Organisers** programme will train 5,000 Community Organisers over the lifetime of this Parliament to make a difference in their community and catalyse social action. They will work closely with communities to identify local leaders, projects and opportunities, and empower the local community to improve their local area.

The **Community First** programme encourages more social action in neighbourhoods with significant deprivation and low social capital. Led by new and existing neighbourhood groups and active individuals, communities will work with businesses, charities and public authorities, encouraging people to help others and themselves to improve the quality of life locally.

Structural Support – The OCS run a programme of work to address the support needs of frontline civil society organisations so that every civil society organisation will have access to high quality local support that can help build their voice and capability.

Technical Assistance – specialist support to the voluntary, community and social enterprise sector to enable them to deliver contracts for tackling social problems and to grow the social investment market.

In 2011-12 OCS established **Big Society Capital** (previously known as the Big Society Bank) to help social enterprises, charities and voluntary organisations to access more resources and to play a bigger role in creating the Big Society. Further grants were not appropriate in 2012-13 as Big Society Capital is now funded through the English portion of dormant bank accounts and investment from the high street banks.

The **Advice Services Fund** supports not-for-profit advice service providers to ensure that people continue to have access to good quality free advice in their communities. The fund is managed by the Big Lottery's BIG Fund and distributed to organisations on a bid basis.

Civil Service Commission

The primary functions of the **Civil Service Commission** are to ensure that selection to Civil Service appointments is on merit and on the basis of fair and open competition; and to hear and determine appeals raised by civil servants under the Civil Service Code. The Office of the Civil Service Commission was an independent office within the Cabinet Office until 11 November 2011, when the Civil Service Commission became an executive non-departmental public body, sponsored by the Cabinet Office. It comprises the Civil Service Commissioners and staff, and is independent of Government and of the Civil Service. The activities of the Commission are funded by grant-in-aid from the Cabinet Office.

Government Property Unit

The Government Property Unit is responsible for working with Government Departments to create an efficient, flexible and sustainable estate. The budget classification of the Government Property Unit was reconsidered during 2012-13, and as a consequence, it has been reclassified from Programme to Administration.

Subsidy to Public Corporation

In 2011-12 The Cabinet Office issued two subsidies to the Central Office of Information Trading Fund prior to its closure on 30 December 2011; one to fund its publicity and advisory service, and the other to meet its cash flow requirements prior to its closure.

Central Office of Information Residual Activity (COI)

Following the announcement that COI would cease trading, no new work was taken on from 14th December 2011. During 2012-13 the Cabinet Office continued to make payments in respect of some residual invoices in relation to work commissioned prior to the closure of the offices, and cessation of work at the end of March 2012.

9. Income

£000	Note	2012-13 Core Department	2012-13 Departmental Group	2011-12 Core Department	2011-12 Departmental Group
Administration					
Interest Income		-	-	1	1
Civil Service Pensions					
Central management of Principal Civil Service Pension Scheme		39,146	39,146	20,932	20,932
Civil Service Pensions Transformation Project		-	-	6,089	6,089
Rental income on freehold properties		556	556	2,938	2,938
Next Generation HR		24,183	24,183	18,916	18,916
Royalties		10,275	10,275	9,493	9,493
Services of the Office of the Parliamentary Counsel		3,003	3,003	2,983	2,983
National School of Government					
Training, seminars and consultancy		-	-	11,794	11,794
Other					
Emergency Planning College events		44	44	11	11
Employee Engagement Programme		974	974	1,005	1,005
Civil Service Appeal Board		-	-	402	402
Olympic Resilience		-	-	611	611
Media Monitoring Unit		958	958	-	-
Regional News Network		1,354	1,354	-	-
Media Planning, Buying and Evaluation		1,279	1,279	-	-
Government Communications		280	280	-	-
Supplier Rebates		7,031	7,031	-	-
ERG Procurement Policy and Capability		2,880	2,880	-	-
ERG Major Projects Team		291	291	-	-
Fillers Marketing		147	147	-	-
Various cost recoveries		2,113	1,876	1,952	1,733
Total Administration Income		**94,514**	**94,277**	**77,127**	**76,908**
Programme					
Interest Income		-	-	154	154
National Security Secretariat					
Government Security Zone		450	450	870	870
Iraq Inquiry		974	974	1,654	1,654
Detainee Inquiry		454	454	1,318	1,318
Olympic Resilience		721	721	-	-
Office for Civil Society					
National Citizen Service		25	25	75	75
Social Action		221	221	387	387
Office of the Government CIO & SIRO					
Public Service Network		3,868	3,868	2,659	2,659
Dividends					
Government Procurement Service		2,615	2,615	2,379	2,379
Central Office of Information Residual Activity		-	-	58,676	58,676
Government Digital Service		879	879	-	-

9. Income (continued)

£000	Note	2012-13 Core Department	2012-13 Departmental Group	2011-12 Core Department	2011-12 Departmental Group
Other					
Various cost recoveries		99	99	71	71
Grant Repayments		953	953	-	-
Grant income – current		-	-	13	13
Grant income – capital					
Government Security Zone		21	21	1,875	1,875
Futurebuilders		8,000	8,000	-	-
Non Cash Income					
Capital Grant in Kind income on donated assets	10	84	84	111	111
Total Programme Income		**19,364**	**19,364**	**70,242**	**70,242**
Other Non Cash Income:					
Interests in Joint Ventures	13	5,882	5,882	**-**	**-**
Total		**119,760**	**119,523**	**147,369**	**147,150**

9. Income (continued)

Notes on sources of income and cost sharing arrangements

The Cabinet Office is responsible for governance of the **Principal Civil Service Pension Scheme (PCSPS)**, and MyCSP is responsible for all pensions administration. Employers participating in the PCSPS pay MyCSP for the cost of pension administration for current employee members. Cabinet Office is responsible for meeting central costs including the element of MyCSP costs not covered by the sums paid by employers. These costs are met by income from a charge on Civil Superannuation employer pension contributions.

In May 2012 the MyCSP administration function transferred to a mutual joint venture, incorporated as MyCSP Ltd. MyCSP Ltd will be contracted to provide pensions administration services to the Cabinet Office. Participating employers will continue to contribute on the same basis that they are currently paying MyCSP but they will pay the Cabinet Office directly. The costs to the Cabinet Office of pensions administration not covered by the income from employers will continue to be met by income from a charge on Civil Superannuation employer pension contributions.

Next Generation HR – **Civil Service HR (CSHR)** is a key part of the Government's Efficiency and Reform agenda. CSHR involves sharing HR expertise and maximising buying power across the Civil Service in a joined up and effective manner, to deliver a professional and more efficient service. The programme operates on a cost sharing basis across the government departments and agencies participating in the programme.

Royalties
This income relates to the sales of **products** (e.g. publications) and from fees for accreditation and examination of practitioners. The products, e.g. ITIL and PRINCE2, have been developed to support best practice in key areas of project, programme, portfolio and IT service management. The income comes from public and private sector organisations in the UK and overseas.

The Office of the Parliamentary Counsel (OPC) drafts Government Bills for introduction into Parliament, advises on related Parliamentary procedure and drafts or vets subordinate legislation which amends or has a significant impact on primary legislation. They also advise the Government on certain constitutional matters (e.g. Ministerial appointments, elections, Parliamentary and the Royal prerogative). The Cabinet Office provides the funding for approximately 60% of the costs of the OPC, with the balance coming from Departments who use the OPC’s services. The contributions from Departments are based on their usage of the OPC’s services over the previous 4 year period.

The **National School of Government** was the centre for excellence for innovation in learning and development in support of public services, primarily serving the needs of the Civil Service. The School continued to operate as a non-ministerial government department during 2010-11, before moving back into the Cabinet Office with effect from 1 April 2011 before it closed on 31 March 2012.

The **Employee Engagement Programme** includes the Civil Service People Survey which is an annual survey of staff perceptions across the Civil Service and provides key people metrics to help drive business improvement. The survey is provided by an external contractor, the cost of this plus the cost of the programme team based in the Cabinet Office is fully recharged to the participating Departments and Agencies.

The **Civil Service Appeal Board** was a Cabinet Office sponsored Non Departmental Public Body that heard appeals from staff who had been dismissed by their employer. Departments were charged for each case heard by the Board. The Board closed on 31st December 2011 as part of the government’s review of public bodies.

Olympic Resilience – The Home Office reimburse the Civil Contingency Secretariat for the costs incurred in coordinating resilience planning for the 2012 Olympics.

Media Monitoring Unit provides a 24-hour/7 days a week media monitoring and briefing service to No.10 and all other government departments and organisations. This service is funded by annual subscriptions.

Regional News Network provides press office support to government departments and organisations in the regions. This service covers a range of activities including regionalisation of national messaging; proactive placement of stories and case studies in print, broadcast and online media; support for regional events and Ministerial visits; reactive response to media enquiries; drafting and issuing news releases; and ad hoc campaign work. This service is funded via annual subscriptions.

Communications/media planning, media buying management and campaign evaluation involves providing expertise and guidance for government departments/organisations which require early stage communications planning services or support with the implementational media planning and buying process through M4C (the media buying agency). A key service is to support GPS in the management of the M4C contract and to oversee the independent auditing of both domestic and international media. This team also provides advice on campaign evaluation best practice and implementational support in the planning, conducting and commissioning of evaluation projects.

This service (including the third party cost of independent media auditing) is funded by a levy on media spend.

9. Income (continued)

Supplier Rebates is income from contractors relating to costs from previous years' programmes.

ERG Procurement Policy and Capability income relates to a transfer from the Government Procurement Service to the Cabinet Office to cover costs in this financial year of ERG procurement activities, including the Crown Commercial Representatives, reflecting that they are part of a seamless whole with GPS.

ERG Major Projects Team – Any third party costs of Gateway Reviews undertaken by the Major Projects Authority are recovered from the department owning the project.

Fillers Marketing – providing a service to government departments/organisations in the delivery of free airtime for public good communications - or Fillers - which carry messages relating to health, safety and welfare issues. This service both manages the marketing and distribution of TV and Radio Fillers to terrestrial, digital and out-of-home TV and radio channels and also reports on their performance. This service is funded by annual subscriptions.

National Security Secretariat

Government Security Zone – The Cabinet Office makes two annual payments to the Metropolitan Police on behalf of Whitehall Departments for cost of the Whitehall Secure Zone. This income reflects the payments from the various Whitehall Departments to the Cabinet Office.

The Department for International Development (DFID), Ministry of Defence (MOD) and Foreign & Commonwealth Office (FCO) contributed toward the costs of the **Iraq Inquiry** in 2012-13 and 2011-12.

Detainee Inquiry – The Home Office, Foreign & Commonwealth Office (FCO), Security Service and Secret Intelligence Service have contributed toward the costs of the Gibson Inquiry since 2010-11.

The Home Office refunded the costs incurred by the Civil Contingencies Secretariat on its **Olympic Resilience** Programme which supported the delivery of the Olympic Games by ensuring that resilience plans and capabilities were in place to manage the additional risks that the 2012 Games posed.

Office for Civil Society

National Citizen Service (NCS) – see Note 8.1.

Social Action – see Note 8.1.

Public Sector Network – see Note 8.1.

Government Procurement Service – The Cabinet Office receives **dividends** for its holding in the Government Procurement Service Trading Fund.

Central Office of Information Residual Activity – see Note 8.1.

Government Security Zone – see Note 8.1.

Futurebuilders provided investment via grants and loans for civil society organisations delivering public services. Futurebuilders was managed under an agreement between the Minister for the Cabinet Office and Futurebuilders England Fund Management Limited. The capital income relates to loan repayments under the Fund.

10.1 Property, plant and equipment

Consolidated 2012–13

£000	Land	Buildings	Dwellings	Information Technology	Plant & Machinery	Furniture & Fittings	Art & Antiques	Payments on Account & Assets under Construction	Total
Cost or valuation									
At 1 April 2012	**37,559**	**107,291**	**27,260**	**13,219**	**7,648**	**1,870**	**10,583**	**8,795**	**214,225**
Additions	-	892	-	716	-	-	-	9,460	11,068
Donations	-	-	-	-	-	-	84	-	84
Disposals[1]	-	(741)	-	(5,900)	(75)	(26)	(58)	-	(6,800)
Impairment[2]	-	(1,067)	-	(1,436)	(13)	(3)	(876)	(15)	(3,410)
Reclassifications	-	846	417	-	-	149	-	(1,391)	21
Revaluations	5,966	155	10,067	386	(27)	(35)	-	-	16,512
Transfer to Investment Properties[3]	(10,923)	(20,673)	(312)	-	-	-	-	-	(31,908)
At 31 March 2013	**32,602**	**86,703**	**37,432**	**6,985**	**7,533**	**1,955**	**9,733**	**16,849**	**199,792**
Depreciation									
At 1 April 2012	**-**	**19,788**	**2,489**	**8,637**	**6,117**	**1,337**	**-**	**-**	**38,368**
Donations	-	-	-	-	-	-	-	-	-
Charged in year	-	2,009	1,386	1,935	522	140	-	-	5,992
Disposals[1]	-	(740)	-	(5,790)	(67)	(23)	-	-	(6,620)
Impairment[2]	-	-	-	211	(8)	-	-	-	203
Reclassifications	-	-	-	48	-	-	-	-	48
Revaluations	-	30	1,208	107	31	(22)	-	-	1,354
Transfer to Investment Properties[3]	-	(1,599)	(47)	-	-	-	-	-	(1,646)
At 31 March 2013	**-**	**19,488**	**5,036**	**5,148**	**6,595**	**1,432**	**-**	**-**	**37,699**
Carrying amount at 31 March 2013	**32,602**	**67,215**	**32,396**	**1,837**	**938**	**523**	**9,733**	**16,849**	**162,093**
Carrying amount at 31 March 2012	**37,559**	**87,503**	**24,771**	**4,582**	**1,531**	**533**	**10,583**	**8,795**	**175,857**
Asset financing:									
Owned	29,302	57,047	32,396	1,837	938	523	9,733	16,849	148,625
PFI Finance Leased	-	2,926	-	-	-	-	-	-	2,926
PFI Contract Assets[3]	-	-	-	-	-	-	-	-	-
PFI Residual Assets	3,300	7,242	-	-	-	-	-	-	10,542
Carrying amount at 31 March 2013	**32,602**	**67,215**	**32,396**	**1,837**	**938**	**523**	**9,733**	**16,849**	**162,093**
Of the total:									
Department	32,602	67,215	32,396	1,837	938	523	9,733	16,849	162,093
NDPBs	-	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2013	**32,602**	**67,215**	**32,396**	**1,837**	**938**	**523**	**9,733**	**16,849**	**162,093**

[1] Disposals include assets written out of the accounts; their values are fully written down and they are no longer in use.
[2] Revaluations arise as a result of professional property valuations, the application of published indices and annual impairment reviews which ensure the asset base is correctly valued
[3] Admiralty Arch and Sunningdale Park were recognised as investment properties; see Note 11

10.2 Property, plant and equipment

Consolidated 2011-12

£000	Land	Buildings	Dwellings	Information Technology	Plant & Machinery	Furniture & Fittings	Art & Antiques	Payments on Account & Assets under Construction	Total
Cost or valuation									
At 1 April 2011	**42,541**	**140,281**	**26,864**	**10,219**	**5,606**	**1,879**	**12,231**	**8,094**	**247,715**
Additions	-	1,921	-	902	-	14	-	6,366	9,203
Donations	-	-	-	2,780	-	975	111	-	3,866
Disposals[1]	-	-	-	(1,327)	(394)	(334)	(1,759)	-	(3,814)
Impairment[2]	-	(1,496)	-	-	-	-	-	-	(1,496)
Reclassifications[3]	(17,658)	(23,039)	396	(1,277)	936	(936)	-	(5,665)	(47,243)
Revaluations[2]	12,676	(10,376)	-	1,922	1,500	272	-	-	5,994
At 31 March 2012	**37,559**	**107,291**	**27,260**	**13,219**	**7,648**	**1,870**	**10,583**	**8,795**	**214,225**
Depreciation									
At 1 April 2011	**-**	**18,934**	**1,885**	**5,488**	**3,886**	**1,465**	**-**	**-**	**31,658**
Donations	-	-	-	2,336	-	572	-	-	2,908
Charged in year	-	2,742	593	1,366	923	169	-	-	5,793
Disposals[1]	-	-	-	(1,292)	(394)	(256)	-	-	(1,942)
Impairment[2]	-	(207)	-	-	-	-	-	-	(207)
Reclassifications[3]	-	(1,681)	11	(96)	559	(559)	-	-	(1,766)
Revaluations[2]	-	-	-	835	1,143	(54)	-	-	1,924
At 31 March 2012	**-**	**19,788**	**2,489**	**8,637**	**6,117**	**1,337**	**-**	**-**	**38,368**
Carrying amount at 31 March 2012	**37,559**	**87,503**	**24,771**	**4,582**	**1,531**	**533**	**10,583**	**8,795**	**175,857**
Carrying amount at 31 March 2011	**42,541**	**121,347**	**24,979**	**4,731**	**1,720**	**414**	**12,231**	**8,094**	**216,057**
Asset financing:									
Owned	34,259	74,735	24,506	3,687	1,531	533	10,583	8,795	158,629
PFI Finance Leased	-	3,658	-	895	-	-	-	-	4,553
PFI Contract Assets	-	1,868	265	-	-	-	-	-	2,133
PFI Residual Assets	3,300	7,242	-	-	-	-	-	-	10,542
Carrying amount at 31 March 2012	**37,559**	**87,503**	**24,771**	**4,582**	**1,531**	**533**	**10,583**	**8,795**	**175,857**
Of the total:									
Department	37,559	87,503	24,771	4,582	1,531	533	10,583	8,795	175,857
NDPBs	-	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2012	**37,559**	**87,503**	**24,771**	**4,582**	**1,531**	**533**	**10,583**	**8,795**	**175,857**

[1] Disposals include assets written out of the accounts; their values are fully written down and they are no longer in use. Assets at Sunningdale Park were reduced to nil from their carrying value, due to the closure of National School of Government, which included computer systems, furniture and fittings, and plant and machinery

[2] Impairment and revaluations arise as a result of professional property valuations, the application of published indices and annual impairment reviews which ensure the asset base is correctly valued

[3] Reclassified £44.145 million to 'Assets to be transferred' at Note 17 to the accounts

10. Property, plant and equipment (continued)

Notes

VALUATION

Land and Buildings and Dwellings

The Valuation Office Agency has determined fair value on the basis of market value but on the assumption that the property is sold as part of the continuing enterprise in occupation. For 'in use' non-specialised property assets, fair value has been interpreted as market value for existing use.

The Valuation Office Agency (VOA), independent chartered surveyors and members of the Royal Institute of Chartered Surveyors (RICS), valued all properties on the basis of fair value as at 31 March 2009 except for the Emergency Planning College Estate which was valued at 30 June 2009 and 10-12 Downing Street which was valued at 31 March 2013. Due to the unusual nature of the size, location and property category the valuation of 10-12 Downing Street is subject to valuation uncertainty.

Sunningdale Park

The Valuation Office Agency valued Sunningdale Park, Ascot, Berkshire, as at 1 April 2013 on the basis of total worth in existing use reflecting the infrastructure. Notional directly attributable acquisition costs, representing legal fees and stamp duty, are added onto existing use valuation in order to arrive at replacement cost for land, buildings and dwellings. The surveyors determine notional costs to be 5.75% of existing use values. A breakdown of the carrying value of assets under the PFI contract is detailed at Note 25. Sunningdale Park is revalued every three years.

Art and Antiques

Townley Valuation Services Limited valued art and antiques, including furniture, carpets, clocks, silver and ceramics situated in properties within the Whitehall Estate in January 2011 on the basis of insurance value being the likely cost of replacing the items.

Rosebery's Auctioneers & Valuers valued art and antiques, including antique and other furniture, silver, plate and objects situated at The Hawkhills, Easingwold, near York in February 2010 at an average of the lower and higher figures of a presale auction estimate.

Included within Art and Antiques are gifts to past and present Prime Ministers. These were valued by J. M. McCarthy Limited, jewellers and silversmiths in March 2010 on the basis of best estimate of the price at auction.

All Other Tangible Non-Heritage Assets

All other tangible non-heritage fixed assets are re-valued annually using indices provided by the Office of National Statistics.

DONATED ASSETS

The following amounts which are included in Note 10 relate to donated assets:

Land and Buildings £3.088 million (2011-12: £3.002 million)

Members of the Civil Service and the Foreign Service contributed to the wedding present for Her Majesty the Queen and part of the sum subscribed was, by her wish, applied to some object of general benefit to the Civil and Foreign Services and consequently the Civil Service Club was purchased. The Civil Service Club's value is recognised as income and credited to the general fund.

10. Property, plant and equipment (continued)

Art and Antiques £0.945 million (2011-12: £1.368 million)

Gifts to past and present Prime Ministers and items gifted to the Emergency Planning College, The Hawkhills, Easingwold near York are treated as donated assets within Art and Antiques. The value of these gifts is recognised as income and credited to the general fund.

ASSETS UNDER CONSTRUCTION

Assets under construction of £16.849 million (2011-12: £8.795 million) include:

£13.795 million (2011-12: £8.701 million) spent on refurbishment to Whitehall properties which has yet to be completed; and
£3.054 million (2011-12: £0.094 million) spent on IT hardware and software developments which have yet to be completed.

PLANT AND MACHINERY

Included within Plant and Machinery are motor vehicles with a carrying amount of **Nil**. All motor vehicles having been disposed of **(2011-12: £9,930).**

LEASEHOLD IMPROVEMENTS

Included within Land and Buildings are improvements with a carrying amount of **£0.715 million** (2011-12: **£1.781 million**) relating to leasehold properties in London at 35 Great Smith Street and 9 Whitehall.

11. Investment Properties

£000	Note	Admiralty Arch	Sunningdale Park	Total
Cost at 1 April 2012		-	-	-
Additions		-	-	-
Accruals		-	-	-
Disposals		-	-	-
Impairment		-	-	-
Transferred from Property, Plant and Equipment	10	28,129	2,133	30,262
Revaluation	8	31,871	132	32,003
Balance at 31 March 2013		**60,000**	**2,265**	**62,265**

Admiralty Arch

The department has freehold ownership of Admiralty Arch. The property became vacant on 10 August 2012 and was recognised as an investment property from that date. Admiralty Arch is recognised at fair value (2012-13 £60 million), as determined within an agreement between the department and a prospective buyer. Subject to the granting of planning permission, under the agreement the prospective buyer will lease the property for 99 years under a finance lease.

Sunningdale Park

Following the closure of the National School of Government on 31 March 2012, the department retained freehold of the site at Sunningdale Park and recognised it as an investment property from 1 April 2012. Sunningdale Park is recognised at fair value. Fair value equates to market value for existing use (2012-13 £2.265 million; 2011-12 £2.133 million).

12.1 Intangible assets

Consolidated 2012-13

£000	Purchased Software Licences	IT Software	Carbon Reduction Commitment	Website	Payments on Account & Assets under Construction	Total
Cost or valuation						
At 1 April 2012	**1,396**	**4,826**	**-**	**3,168**	**506**	**9,896**
Additions	87	299	-	3,403	9	3,798
Disposals	(275)	(857)	-	-	-	(1,132)
Allowances purchased	-	-	154	-	-	154
Impairment	(58)	(23)	-	-	(32)	(113)
Reclassifications	-	-	-	440	(461)	(21)
Revaluations	(3)	208	-	27	-	232
At 31 March 2013	**1,147**	**4,453**	**154**	**7,038**	**22**	**12,814**
Amortisation						
At 1 April 2012	**640**	**2,927**	**-**	**1,923**	**-**	**5,490**
Charged in year	195	640	-	1,182	-	2,017
Disposals	(275)	(857)	-	-	-	(1,132)
Allowances surrendered	-	-	77	-	-	77
Impairment	-	9	-	-	-	9
Reclassifications	(48)	-	-	-	-	(48)
Revaluations	(57)	260	-	8	-	211
At 31 March 2013	**455**	**2,979**	**77**	**3,113**	**-**	**6,624**
Carrying amount at 31 March 2013	**692**	**1,474**	**77**	**3,925**	**22**	**6,190**
Carrying amount at 31 March 2012	**756**	**1,899**	**-**	**1,245**	**506**	**4,406**
Asset financing:						
Owned	692	1,474	77	3,925	22	6,190
Carrying amount at 31 March 2013	**692**	**1,474**	**77**	**3,925**	**22**	**6,190**
Of the total:						
Department	692	1,474	77	3,925	22	6,190
NDPBs	-	-		-	-	-
Carrying amount at 31 March 2013	**692**	**1,474**	**77**	**3,925**	**22**	**6,190**

12.2 Intangible assets

Consolidated 2011-12

£000	Purchased Software Licences	IT Software	Website	Payments on Account & Assets under Construction	Total
Cost or valuation[1]					
At 1 April 2011	**843**	**3,311**	**3,027**	**66**	**7,247**
Additions	575	82	-	440	1,097
Disposals[2]	(138)	-	-	-	(138)
Impairments	-	-	(1)	-	(1)
Reclassifications	116	1,315	-	-	1,431
Revaluations	-	118	142	-	260
At 31 March 2012	**1,396**	**4,826**	**3,168**	**506**	**9,896**
Amortisation					
At 1 April 2011	**586**	**1,956**	**856**	**-**	**3,398**
Charged in year	86	920	1,009	-	2,015
Disposals[2]	(128)	-	-	-	(128)
Reclassifications	96	-	-	-	96
Revaluations	-	51	58	-	109
At 31 March 2012	**640**	**2,927**	**1,923**	**-**	**5,490**
Carrying amount at 31 March 2012	**756**	**1,899**	**1,245**	**506**	**4,406**
Carrying amount at 31 March 2011	**257**	**1,355**	**2,171**	**66**	**3,849**
Asset financing:					
Owned	756	1,899	1,245	506	4,406
Carrying amount at 31 March 2012	**756**	**1,899**	**1,245**	**506**	**4,406**
Of the total:					
Department	756	1,899	1,245	506	4,406
NDPBs	**-**	**-**	**-**	**-**	**-**
Carrying amount at 31 March 2012	**756**	**1,899**	**1,245**	**506**	**4,406**

[1] *Purchased software licences are recorded at purchase cost and are not re-valued since an appropriate index is not available*
[2] *Intangible assets at Sunningdale Park were reduced to nil from their carrying value as a result of the closure of National School of Government.*

13. Interests in Joint Ventures

£000		MyCSP Limited
Cost or valuation[1]	**Note**	
At 1 April 2012		**-**
Acquisitions		-
Disposals		-
Share of opening net assets	9	5,412
Dividend received		-
Share of Results	9	470
Impairment in value		-
At 31 March 2013		**5,882**

Joint Venture	Interest held %	Assets £'000	Liabilities £'000	Revenues £'000	Profit £'000	Unrecognised gains £'000
MyCSP Limited	35	6,995	1,113	11,242	470	185

The Department has a 35 per cent equity shareholding in a joint venture, MyCSP Limited which administers pensions for the members of the Civil Service Pension scheme.

The Government established MyCSP Limited as a private limited company with three minority shareholders: Paymaster (1836) Limited with a 40 per cent equity stake, the Cabinet Office with a 35 per cent equity stake and an Employee Benefit Trust with a 25 per cent equity stake. It began trading on 1 May 2012. There has been no change in the department's ownership in this joint venture for the reported year.

The Department accounts for its interest in MyCSP Limited using the equity method. In the Statement of Comprehensive Net Expenditure it has recognised its share of the audited profit as **£0.470 million** and a gain representing its share of opening net assets as **£5.412 million.** In Other Comprehensive Net Expenditure it has disclosed its share of unrecognised gains as **£0.185 million**. For additional information, see Notes 9 and 31.

In June 2013 the Board of Directors of MyCSP Limited agreed to pay 100 per cent of distributable profits as a dividend. The Cabinet Office's 35 per cent share of the dividend amounts to £470,353.

MyCSP Limited has prepared its accounts on a UKGAAP basis. There are no material differences between this and an IFRS basis of preparation and therefore no adjustments have been required. Extracts from MyCSP Limited audited accounts for the year ended 31 March 2013 are as follows:

MyCSP Limited - Profit & Loss Account

£000	As at 31 March 2013	As at 31 March 2012
Turnover	32,119	-
Cost of sales	(8,261)	-
Gross profit	23,858	-
Administrative expenses	(21,605)	-
Operating profit	2,253	-
Interest receivable and similar income	11	-
Other finance income	7	-
Profit on ordinary activities before taxation	2,271	-
Tax on profit on ordinary activities	(399)	-
Profit for the financial year[1]	**1,872**	-

MyCSP Limited - Statement of Total Recognised Gains and Losses

£000	As at 31 March 2013	As at 31 March 2013
Profit for the financial year[1]	1,872	-
Actuarial gain related to pension scheme	(464)	-
Pension surplus not recognised	(64)	-
Total recognised gains and losses relating to the year	**1,344**	**-**

[1] *Profit for the financial year includes unrecognised gains*

MyCSP Limited - Balance Sheet

£000	As at 31 March 2013	As at 31 March 2012
Fixed assets	6,323	-
Current assets	13,662	20
Creditors: amounts falling due within one year	(3,179)	(20)
Net assets and shareholders' funds	**16,806**	**-**

14. Financial instruments

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

The Department's investment in the Bridges Social Entrepreneurs Fund LP subjects the Department to credit and market risks. The Cabinet Office appointed Capital for Enterprise Limited (CfEL), an asset management business, to assist in the establishment of the Fund. The loans issued to the Bridges Social Entrepreneurs Fund LP are invested as part of an investment portfolio to deliver both financial returns and social and environmental benefits. The disposal of an investment by the Fund may differ from its valuation and the difference could be significant. The loans are subject to an annual impairment review which is carried out by Bridges Ventures Ltd. See Notes 15 and 22.

The Department holds public dividend capital in the Government Procurement Service. This financial asset is carried at historical cost less any impairment recognised. Extracts from the audited accounts are set out at Note 15. Information on the Government Procurement Service, a body outside the departmental boundary, is included at Note 32.

15. Other financial assets

The Core Department holds investments which include loans to the LHA London Limited and to the Bridges Social Entrepreneurs Fund LP which invests in social enterprises and public dividend capital held in the Government Procurement Service.

£000	Public Dividend Capital in Central Office of Information	Public Dividend Capital in Government Procurement Service	Loan to LHA London Limited	Loan to Bridges Social Entrepreneurs Fund	Total
Balance at 1 April 2011	265	350	324[1]	554[2]	1,493
Additions	-	-	-	343	343
Impairment	-	-	-	(128)	(128)
Loan repayments	(265)	-	(20)	-	(285)
Balance at 31 March 2012	**-**	**350**	**304[1]**	**769[2]**	**1,423**
Additions	-	-	-	444	444
Impairment	-	-	-	(159)	(159)
Loan repayments	-	-	(20)	-	(20)
Balance at 31 March 2013	**-**	**350**	**284[1]**	**1,054[2]**	**1,688**
Of which at 31 March 2013					
Current liability	-	-	284	-	284
Non current liability	-	350	-	1,054	1,404
Balance at 31 March 2013	**-**	**350**	**284**	**1,054**	**1,688**
Of which at 31 March 2012					
Current liability	-	-	20	-	20
Non current liability	-	350	284	769	1,403
Balance at 31 March 2012	**-**	**350**	**304**	**769**	**1,423**

All 'Other financial assets' are held by the core Department.

[1] The loan made to LHA London Ltd, is secured by a debenture dated 23 July 1986 and is interest free. The 12 month's written notice of termination of the Loan Agreement pursuant to clause 10 of the Loan Agreement was given on 21 June 2012.
[2] For information on loan commitments, see Notes 22 and 31.

The Department's share of the assets and results of the above bodies is as summarised below:

£000	LHA London Limited Loan	Bridges Social Entrepreneurs Fund Loan
Net assets at 1 April 2011	-	554
Turnover	-	-
Surplus for the year (before financing)	-	-
Net assets at 31 March 2012	-	804
Turnover	-	-
Surplus for the year (before financing)	-	-
Net assets at 31 March 2013	-	1,054[1]
Turnover	-	-
Surplus for the year (before financing)	-	-

[1] The department holds a 33.27% share of the total net assets and partnership funds amounting to £1,054,121.

Government Procurement Service

Government Procurement Service, was set up in 1991 as a Trading Fund under the Government Trading Fund Act 1973. It provides procurement services to the other government bodies. The Cabinet Office owns 100 per cent of the issued Public Dividend Capital. In accordance with the FReM, the Cabinet Office's investment is shown at its historical cost. A dividend of **£2.615 million** (2011-12: **£2.379 million**) is payable for the year ended 31 March 2013; see Notes 9 and 32.

Extracts from Government Procurement Service's Accounts for the year ended 31 March 2013

Extracts from the statement of comprehensive income

£000	2012-13	2011-12 Restated[1]
Turnover	41,613	54,198
Operating surplus	8,143	3,016
Finance income	93	60
Surplus for the financial year	**8,236**	**3,076**
Dividend payable to Cabinet Office	(2,615)	(2,379)
Contribution to ERG activities	(2,880)	-
Retained surplus for the financial year	**2,741**	**697**
Adjustment to reserves PCoE transfer	874	1,875
Net gain on revaluation of property, plant and equipment	1,008	-
Comprehensive income for the financial year	**4,623**	**2,572**

Extracts from the statement of financial position

£000	2012-13	2011-12 Restated[1]
Non current assets	12,579	11,044
Current assets	35,023	35,928
Liabilities due within one year	(6,266)	(10,217)
Liabilities due after more than one year	(119)	(161)
Net assets and shareholders' funds	**41,217**	**36,594**

[1] Prior year figures restated due to the transfer of Procurement Centre of Excellence to the Government Procurement Service in October 2012.

16. Impairments

£000		2012-13		2011-12	
	Note	**Core Dept**	**Departmental Group**	**Core Dept**	**Departmental Group**
Charged to Statement of Comprehensive Net Expenditure					
Impairment	7, 8	3,735	3,735	1,290	1,290
Impairment on loans	8	159	159	128	128
		3,894	**3,894**	**1,418**	**1,418**
Impairment devaluation of assets	8	811	811	-	-
Taken through revaluation reserve [1]		69	69	10,376	10,376
Total		**4,774**	**4,774**	**11,794**	**11,794**

[1] Impairments relating to 2012-13 taken through reserves shown above relate to falls in values for Information Technology, Plant and Machinery, Fixtures and Fittings and Websites, reflecting relevant indices published by the Office of National Statistics.

17. Assets to be transferred

£000		As at 31 March 2013		As at 31 March 2012	
	Note	Core Dept	Departmental Group	Core Dept	Departmental Group
Land and buildings		44,145	44,145	44,145	44,145
Disposal	8	(44,145)	(44,145)	-	-
Total carrying amount		**-**	**-**	**44,145**	**44,145**

The Minister for the Cabinet Office has transferred all rights and obligations under the freehold and associated agreements for 22/26 Whitehall, London SW1A 2WH to The Secretary of State for International Development (DfID). This inter-departmental transfer of civil estate property took take place at fair value and for £nil consideration. The Cabinet Office issued a capital grant in kind to DfID equal to the fair value of the asset at the point of transfer and thus the transfer is budget neutral; see Note 8 to the accounts. The fair value of the property at the date of transfer was £44.145 million on the assumption that the property is sold as part of the continuing enterprise in occupation with vacant possession. Further information on estate management strategy may be found within the section Management Commentary.

18. Trade receivables, financial and other assets

£000	As at 31 March 2013		As at 31 March 2012	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Current – Amounts falling due within one year				
VAT	2,589	2,589	1,047	1,047
Trade receivables	37,167	37,167	21,588	21,588
Deposits and advances	717	717	621	621
Advances to Returning Officers - Elections	780	780	7,238	7,238
Other receivables	263	263	796	796
Prepayments and accrued income	12,924	12,924	28,160	28,160
Current part of PFI prepayment	-	-	410	410
	54,440	**54,440**	**59,860**	**59,860**
Non-current – Amounts falling due after more than one year				
Other prepayments	-	-	354	354
Total	**54,440**	**54,440**	**60,214**	**60,214**

Trade receivables are non-interest bearing and are generally on 30 days' terms and are shown net of a provision for impairment. Movements in the provision for impairment of receivables were as follows:

£000		2012-13		2011-12	
	Note	Core Dept	Departmental Group	Core Dept	Departmental Group
At 1 April 2012		1,050	1,050	1,084	1,084
Novated from COI & NSG		-	-	257	257
Charge for the year	8	246	246	(291)	(291)
Amounts written off		-	-	-	-
Unused amounts reversed	8	(617)	(617)	-	-
At 31 March 2013		**679**	**679**	**1,050**	**1,050**

The analysis of trade receivables that were past due but not impaired is as follows:

£000	2012-13		2011-12	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Neither past due nor impaired	28,077	28,077	14,835	14,835
Past due but not impaired				
< 30 days	925	925	2,535	2,535
30 – 60 days	543	543	726	726
60 – 90 days	2,507	2,507	999	999
90 – 120 days	77	77	343	343
> 120 days	5,717	5,717	3,200	3,200
At 31 March 2013	**37,846**	**37,846**	**22,638**	**22,638**

18.1 Intra-government balances

£000	As at 31 March 2013		As at 31 March 2012	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Current – Amounts falling due within one year				
Balances with other central government bodies	31,498	31,498	40,534	40,534
Balances with local authorities	772	772	945	945
Balances with NHS Bodies	96	96	1,616	1,616
Balances with public corporations and trading funds	62	62	2,051	2,051
***Subtotal:* intra- government balances**	**32,428**	**32,428**	**45,146**	**45,146**
Balances with bodies external to government	22,012	22,012	14,714	14,714
Total	**54,440**	**54,440**	**59,860**	**59,860**

£000	As at 31 March 2013		As at 31 March 2012	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Non-current – Amounts falling due after more than one year				
Balances with other central government bodies	-	-	-	-
Balances with local authorities	-	-	-	-
Balances with NHS Bodies	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
***Subtotal:* intra- government balances**	**-**	**-**	**-**	**-**
Balances with bodies external to government	-	-	354	354
Total	**-**	**-**	**354**	**354**

19. Cash and cash equivalents

£000	As at 31 March 2013		As at 31 March 2012	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Balance at 1 April	38,978	38,978	39,927	42,370
Net change in cash and cash equivalent balances	(31,885)	(31,885)	(949)	(3,392)
Balance at 31 March	**7,093**	**7,093**	**38,978**	**38,978**
The following balances at 31 March were held at:				
Government Banking Service - Supply	5,312	5,312	23,944	23,944
Government Banking Service - Consolidated Fund Standing Services – UK Parliamentary By-elections	1,666	1,666	14,853	14,853
Commercial banks and cash in hand - Supply	115	115	181	181
Balance at 31 March	**7,093**	**7,093**	**38,978**	**38,978**

The cash balance includes an amount of **£1,666,296** (2011-12: **£14,852,731**) in respect of the funding advanced from the Consolidated Fund to cover the costs of UK Parliamentary By-elections with the agreement of HM Treasury. This balance is held with the Government Banking Service. It is owned by the Cabinet Office but managed by the Election Claims Unit in the Department for Communities and Local Government.

20. Trade payables and other liabilities

£000		As at 31 March 2013		As at 31 March 2012	
	Note	Core Dept	Departmental Group	Core Dept	Departmental Group
Current – Amounts falling due within one year					
Other taxation and social security		2,881	2,881	5,231	5,231
Trade payables		37,605	37,605	19,651	19,777
Other payables		2,088	2,088	2,409	2,409
Other payables in respect of machinery of government transfers of functions		-	-	9,527	9,527
Accruals and deferred income		45,060	45,127	71,852	71,890
Accruals relating to Consolidated Fund Standing Services – UK Parliamentary By-elections		2,360	2,360	13,163	13,163
Accruals – termination benefits		27	27	14,729	14,729
Amounts issued from the Consolidated Fund for supply but not spent at year end		5,426	5,426	24,125	24,125
Non voted receipts surrenderable to the Consolidated Fund - Elections		86	86	8,928	8,928
Total		**95,533**	**95,600**	**169,615**	**169,779**

20.1 Intra-government balances

£000		As at 31 March 2013		As at 31 March 2012	
	Note	Core Dept	Departmental Group	Core Dept	Departmental Group
Current – Amounts falling due within one year					
Balances with other central government bodies		52,222	52,242	80,042	80,172
Balances with local authorities		494	494	1,777	1,777
Balances with NHS Bodies		3	3	18	18
Balances with public corporations and trading funds		605	605	794	794
***Subtotal:* intra- government balances**		**53,324**	**53,344**	**82,631**	**82,761**
Balances with bodies external to government		42,209	42,257	86,984	87,018
Total		**95,533**	**95,601**	**169,615**	**169,779**

21. Provisions for liabilities and charges

£000	Early Departures		Specific Dilapidations		Onerous Contracts		Total	
	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Balance at 1 April 2011	**3,772**	**3,772**	**2,469**	**2,469**	**5,138**	**5,138**	**11,379**	**11,379**
Provided in the year	240	240	5,130	5,130	1,285	1,285	6,655	6,655
Transfers in	2,360	2,360	-	-	-	-	2,360	2,360
Provisions not required written back	(262)	(262)	(129)	(129)	(36)	(36)	(427)	(427)
Provisions other changes	4	4	-	-	-	-	4	4
Provisions utilised in the year	(1,388)	(1,388)	(255)	(255)	(1,273)	(1,273)	(2,916)	(2,916)
Borrowing costs (unwinding of discounts)	77	77	-	-	192	192	269	269
Balance at 31 March 2012	**4,803**	**4,803**	**7,215**	**7,215**	**5,306**	**5,306**	**17,324**	**17,324**
Provided in the year	210	210	-	-	910	910	1,120	1,120
Provisions not required written back	(171)	(171)	(655)	(655)	(474)	(474)	(1,300)	(1,300)
Provisions other changes	-	-	-	-	-	-	-	-
Provisions utilised in the year	(1,469)	(1,469)	(600)	(600)	(1,993)	(1,993)	(4,062)	(4,062)
Borrowing costs (unwinding of discounts)	113	113	-	-	(482)	(482)	(369)	(369)
Balance at 31 March 2013	**3,486**	**3,486**	**5,960**	**5,960**	**3,267**	**3,267**	**12,713**	**12,713**
Of which at **31 March 2013**								
Current liability	1,145	1,145	407	407	332	332	1,884	1,884
Non current liability	2,341	2,341	5,553	5,553	2,935	2,935	10,829	10,829
Balance at 31 March 2013	**3,486**	**3,486**	**5,960**	**5,960**	**3,267**	**3,267**	**12,713**	**12,713**
Of which at 31 March 2012								
Current liability	1,420	1,420	1,050	1,050	1,818	1,818	4,288	4,288
Non current liability	3,383	3,383	6,165	6,165	3,488	3,488	13,036	13,036
Balance at 31 March 2012	**4,803**	**4,803**	**7,215**	**7,215**	**5,306**	**5,306**	**17,324**	**17,324**

Analysis of expected timing of discounted flows

£000	Early Departures		Specific Dilapidations		Onerous Contracts		Total	
	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Not later than one year	1,145	1,145	407	407	332	332	1,884	1,884
Later than one year and not later than five years	2,147	2,147	354	354	1,536	1,536	4,037	4,037
Later than five years	194	194	5,199	5,199	1,399	1,399	6,792	6,792
Balance at 31 March 2013	**3,486**	**3,486**	**5,960**	**5,960**	**3,267**	**3,267**	**12,713**	**12,713**

Analysis of expected timing of discounted flows

£000	Early Departures		Specific Dilapidations		Onerous Contracts		Total	
	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group	Core Dept	Departmental Group
Not later than one year	1,420	1,420	1,050	1,050	1,818	1,818	4,288	4,288
Later than one year and not later than five years	2,916	2,916	354	354	2,423	2,423	5,693	5,693
Later than five years	467	467	5,811	5,811	1,065	1,065	7,343	7,343
Balance at 31 March 2012	**4,803**	**4,803**	**7,215**	**7,215**	**5,306**	**5,306**	**17,324**	**17,324**

21.1 Early departures

The Core Department meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding on the Department by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.35 per cent (2011-12: 2.8 per cent) in real terms. Payments are made monthly and it is anticipated that all payments will have been made against the provision by 2020-21.

During 2012-13 there were no new cases of early departures, although top ups of £0.210 million were made to the existing provisions. Those early exit packages whose costs have been accrued in year are disclosed at Note 6.

21.2 Specific dilapidations

A specific dilapidation provision is made where the Department is required to bring a property into a good state of repair at the end of a lease. A provision is made for the estimated costs of these repairs based on a rate per square metre which is updated each year on advice from a facilities management company. A provision is also written back when not required.

During 2012-13 provision of £654,720 was written back; (£643,020 for Belgrave Road and £11,700 for Tufton Street), and £600,000 was utilised in respect of Tufton Street. The expiry dates of the remaining leases range from April 2013 to February 2027. It is anticipated that most of the expenditure will take place at the end of the lease.

21.3 Onerous Contracts

The Government Property Unit manages the Government's property portfolio which includes vacant leasehold properties for which provision has been made for estimated payments discounted by the Treasury's discount rates for general provisions. Payments include rent, rates, service charges, demolition work and property management charges. The discount rates applied at 31 March 2013 are Short-term (0-1 year) -1.8%, Medium-term (1-5 years) -1% and Long-term (5+ years) 2.2%.

During the financial year, £1,992,962 of the provision was utilised. The provision was topped up by £910,415, which was due to the change in expectation of the properties (the largest portion of which was £612,077 for County Farm for the demolition of the buildings on the site). There was a write back of the provision of £474,278 being no longer required. There were four buildings (Lancaster Court, Dowding House, Frant House and the Gemini Centre) disposed of during the year. The lease expiry dates of the remaining 6 properties range from August 2015 to June 2027.

22. Loan commitments – Bridges Social Entrepreneurs Fund LP

The Cabinet Office has the following loan commitments to the Bridges Social Entrepreneurs Fund LP as at 31 March 2013:

£000	Note	2012-13	2011-12
Total loan commitment		3,910	3,910
Less: Capital and loan drawn down		(1,693)	(1,249)
Total undrawn commitment		**2,217**	**2,661**
Analysis of undrawn commitment			
Total loan commitment			3,910
Loan made in 2009-10			(662)
Loan made in 2010-11			(244)
Loan made in 2011-12	15		(343)
Loan made in 2012-13	15		(444)
Total undrawn commitment			**2,217**

Bridges Social Entrepreneurs Fund LP is constituted under a Limited Partnership Agreement dated 21 August 2009 and is managed by Bridges Ventures LLP. The Fund invests in social enterprises that have the potential to generate scaleable and sustainable social impacts. The Fund currently has a committed capital of £11.75 million and has a life of 10 years (ending on 27 August 2019) unless terminated earlier in certain circumstances specified in the Limited Partnership Agreement.

The Department originally agreed to invest up to £5 million in the Bridges Social Entrepreneurs Fund LP, by match funding the investment that the Fund Manager secures from private investors. The Cabinet Office increased its commitment from £3,640,534 to £3,909,748 for the lifetime of the Fund, which in accordance with the terms set in the Limited Partnership Agreement denotes the Department's commitment as at 31 March 2010 to be **£3,909,748**, constituting a 33.27% share of the Fund. This commitment level has now been fixed.

The investment period for the remaining drawdown is currently estimated to end in 2016, but may be extended at the discretion of Bridges Ventures LLP subject to an Investors Ordinary Consent. The investments in the Bridges Social Entrepreneurs Fund LP are valued by the Fund Manager using the International Private Equity and Venture Capital Valuation (IPEV) Guidelines. See Notes 15 and 31.

For further information see www.bridgesventures.com

23. Capital commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts) for capital goods and services. The majority of these relate to investment in the Cabinet Office estate.

£000	2012-13		2011-12	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Contracted capital commitments at 31 March for which no provision has been made and not otherwise included in these financial statements				
Property, plant and equipment	279	279	262	262
Intangible assets	12	12	-	-
Total	**291**	**291**	**262**	**262**

24. Commitments under leases

24.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below, analysed according to the period in which payments will be made:

£000	2012-13		2011-12	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Obligations under operating leases for the following periods comprise:				
Land and Buildings				
Not later than one year	17,282	17,282	14,752	14,752
Later than one year and not later than five years	61,003	61,003	51,061	51,061
Later than five years	54,126	54,126	61,094	61,094
	132,411	**132,411**	**126,907**	**126,907**
Other				
Not later than one year	3	3	12	12
Later than one year and not later than five years	-	-	4	4
Later than five years	-	-	-	-
	3	**3**	**16**	**16**
Total	**132,414**	**132,414**	**126,923**	**126,923**

24.2 Finance leases

There are no obligations under finance leases.

25. Commitments under PFI contracts

25.1 On-Statement of Financial Position

Fujitsu Services Ltd

The provision of Information and Communications Technology (ICT) services to the Cabinet Office included certain infrastructure assets for use in delivering public services that fall within the scope of IFRIC 12 service concession arrangements.

In June 2007 the Cabinet Office entered into a contract with Fujitsu Services Limited (FSL) for the provision of Information and Communications Technology (ICT) services over a 5 year term until June 2012. The contract terminated in June 2012. The services included the provision of IT equipment throughout the life of the contract. Those assets provided on an exclusive basis were recognised as property, plant and equipment at the time they were brought into use.

Current part of PFI prepayment

Milestone payments made to FSL related to delivery of new equipment and infrastructure for the services. The value of the prepayments at 31 March 2013 was **£Nil** (2011-12: **£0.410 million** which was all current).

The prepayments relating to those assets provided on a non-exclusive basis, such as servers, were previously recorded in 2011-12 and before in the operating cost statement as services expenditure over the periods for which those assets were used.

Property, plant and equipment

The assets provided on an exclusive basis, recorded as property, plant and equipment, were impaired to **£Nil** and disposed of as part of system infrastructure enhancements during 2012-13 (2011-12: **£0.895 million**).

Obligations under imputed finance lease element of on-balance sheet PFI contract

There are no outstanding finance lease obligations relating to the acquisition of the assets recorded as property, plant and equipment, the full liability having been extinguished in 2009-10.

Sunningdale Park site

Although the National School of Government closed on 31 March 2012, Cabinet Office has retained the site at Sunningdale Park for the present and is examining how the existing facilities can best be utilised going forwards. The site is operated under a PFI contract with a term of 30 years from 13 May 2002.

The National School gave a lease to the private sector partner for the office buildings against which sub leases were granted to the National School for their continuing use. This asset was recognised as property, plant and equipment at a carrying value of **£2.133 million** at 31 March 2012. The asset was reclassified as an investment property on 1 April 2012. Its carrying value at 31 March 2013 is **£2.265 million**; see Note 11.

The National School also gave a lease for the rest of the site upon which the private sector partner has undertaken an initial capital investment of £12 million in new training facilities.

As a consequence of these agreements:

Deferred asset

A pre-payment was established for the fair value of the property which was contributed to the scheme at the commencement of the contract. This deferred asset is recognised as property, plant and equipment and written off over 15 years. Its value at 31 March 2013 is **£2.926 million** (2011-12: **£3.658 million**); see Note 10.

Reversionary interest

A further asset is recognised for the department's residual interest in the training facilities which revert to the Cabinet Office at no cost at the end of the contract. The accruing residual interest, built up over the term of the contract by capitalising part of the contract payments, is recognised as property, plant and equipment. No additional residual interest was accrued in 2012-13. The value of the residual interest at 31 March 2013 is **£10.542 million** (2011-12: **£10.542 million**); see Note 10.

Whilst these two individual transactions reflect the underlying contractual arrangements, the Cabinet Office retains ownership of the training facilities throughout the period of the contract, the value of which at 31 March 2013 is reflected in the combined carrying value of the deferred asset and reversionary interest - recognised as property, plant and equipment - of **£13.468 million** (2011-12: **£14.2 million**); see Note 10.

Combined Value

The combined carrying value of the office buildings and training facilities is **£15.733 million** (2011-12: **£16.333 million**). This is the sum of the Dwellings balances and Land and Buildings balances in Notes 10 Property, Plant and Equipment and Note 11 Investment Properties.

25.2 Charge to the Statement of Comprehensive Net Expenditure and future commitments

Fujitsu Services Ltd

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of Fujitsu ICT contract was **£2,417,592** (2011-12: **£11,280,317**) as disclosed at Note 8.

In respect of the Fujitsu ICT contract the total payments to which the Department is committed, analysed by the period during which the payments will be made are as follows:

£000		2012-13		2011-12
	Core Dept	Departmental Group	Core Dept	Departmental Group
Not later than one year	-	-	1,582	1,582
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total	**-**	**-**	**1,582**	**1,582**

The contract with Fujitsu expired on 30th June 2012. The Department now receives ICT services through HM Treasury under a memorandum of understanding.

Sunningdale Park site

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of PFI transactions was **£2,242,597** (2011-12: **£2,712,563**) as disclosed at Note 7. The payments to which the Department was committed during 2012-13, analysed by the period during which the payments will be made are as follows:

£000	2012-13		2011-12	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Not later than one year	2,663	2,663	2,626	2,626
Later than one year and not later than five years	8,571	8,571	11,513	11,513
Later than five years	-	-	390	390
Total	**11,234**	**11,234**	**14,529**	**14,529**

26. Other financial commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts) for a range of services. The commitments of greatest value relate to information technology, estate management services and contracts relating to investments in the voluntary and community sector. The total payments to which the Department is committed, analysed by the period during which the payments will be made are as follows:

£000	2012-13		2011-12	
	Core Dept	Departmental Group	Core Dept	Departmental Group
Not later than one year	49,260	49,260	62,076	62,076
Later than one year and not later than five years	53,095	53,095	72,329	72,329
Later than five years	6,944	6,944	9,583	9,583
	109,299	**109,299**	**143,988**	**143,988**

27. Contingent asset - Futurebuilders programme

The Futurebuilders Fund provided loan financing, often combined with grants and professional support, to civil society organisations in England needing investment to help them bid for, win and deliver public service contracts. The Modernisation Fund provided interest-free loans to help organisations be more resilient to the impact of the economic downturn. Both Funds are closed for new applications.

£000	2012-13	2011-12
Futurebuilders England Fund	101,960	112,726
Modernisation Fund	5,752	5,551
Contingent asset as at 31 March	**107,712**	**118,277**

The Cabinet Office has a contingent asset of **£107.712 million** (2011-12: **£118.277 million**) which is reported as Restricted Funds in the 2012-13 accounts of Futurebuilders England Limited (FBE). FBE has a holding agreement with the Cabinet Office to oversee the investment portfolio of the Futurebuilders and Modernisation Funds. The Cabinet Office contracts with the Social Investment Business to manage the loan book. The contract has been re-awarded for a three year period from April 2013 with a possible six years extension period. At the end of the contracts the Funds will revert to the Cabinet Office or a third party appointed by the Cabinet Office. The service agreement contains a novation clause which applies to the Futurebuilders Restricted Funds and which gives the Cabinet Office the entitlement to assign, novate or otherwise dispose of its rights and obligations under the agreement or novate the agreement itself to any other body.

During the year Futurebuilders England Limited returned £8 million of capital income to the Cabinet Office representing amounts repaid from investees relating to loans issued to them; see Note 9.

Further information about Futurebuilders England Limited (Registered company number 05066676) can be found at: www.futurebuilders-england.org.uk

28. Other contingent assets and liabilities disclosed

Contingent Liabilities

28.1 Since June 2010 the Office of Government Commerce (OGC) has been part of the Efficiency and Reform Group in the Cabinet Office. The OGC supports the procurement and acquisition process of public sector organisations in the UK. An Employment Tribunal claim was brought by three claimants and the PCS Trade Union against the Cabinet Office with regard to expected pay progression, based on a 2008 pay deal negotiated by the OGC. The Employment Tribunal found in favour of the claimants and the Cabinet Office was notified of this on 15 January 2013.

There are approximately 170 former OGC members of staff who are affected by this Employment Tribunal ruling. The ruling relates to the two year pay deal the OGC entered in 2008 which offered pay progression points to staff at two, four, six and eight years of being in grade and having the qualifying level of performance. This only affected OGC staff and not the rest of staff within the Cabinet Office. The cost of the initial backdated pay progression payments is approximately £250,000 and there will also be the on-going liability of paying the pay progression in future years. The majority of the affected staff sit within Efficiency Reform Group. The Cabinet Office has appealed against this decision and is awaiting a response.

28.2 The Cabinet Office disclosed a contingent liability for a funding shortfall for the benefits built up in the Labour Party Superannuation Society as at 31 March 2012. At 31 March 2013 an accrual has been recognised for the shortfall and the contingent liability is no longer applicable.

There are no other material contingent liabilities or contingent assets for disclosure under IAS 37 at 31 March 2013.

29. Contingent liabilities not required to be disclosed under IAS 37 but included for parliamentary reporting and accountability purposes

There are no material contingent liabilities at 31 March 2013 for inclusion for parliamentary reporting and accountability purposes.

30. Losses and special payments

30.1 Losses statement

The Statement of Comprehensive Net Expenditure includes the following losses, including write-offs of unrecoverable debts and fruitless payments.

£000		2012-13		2011-12
	Core Dept	Departmental Group	Core Dept	Departmental Group
Total	16,432	16,432	97	97

Number of cases		2012-13		2011-12
	Core Dept	Departmental Group	Core Dept	Departmental Group
Total	13	13	20	20

Constructive losses £16.350 million

The Cabinet Office made payments in respect of two leases; one for £2.7 million in respect of 67 Tufton Street, London and the other for £13.650 million in respect of 1 Palace Street, London. The payments were made on the basis of value for money cases demonstrating future cost savings. Further information may be found within the Management Commentary - Financial Review.

30.2 Special payments

£000		2012-13		2011-12
	Core Dept	Departmental Group	Core Dept	Departmental Group
Total	24	24	84	84

Number of cases		2012-13		2011-12
	Core Dept	Departmental Group	Core Dept	Departmental Group
Total	11	11	18	18

31. Related party transactions

The Cabinet Office undertakes the majority of its business with other government departments, public corporations and grant giving bodies. The following bodies are regarded as related parties with which the Cabinet Office has had various material transactions during the year.

The main recipients of grants from the Cabinet Office in this category in 2012-13 were The Challenge Network for National Citizen Service (NCS), The Social Investment Business for Social Action Fund, National Council for Voluntary Organisations (NCVO) for Structural Support and Community Development Foundation for Community First programme.

The main suppliers to the Cabinet Office were MyCSP Limited, HM Revenue & Customs, Bouygues E&S FM UK Ltd (formally known as ETDE FM), HM Treasury, Department for Work and Pensions, BBC Monitoring, Slaughter & May, Serco Ltd, Ministry of Defence, Home Office and Capita Resourcing.

The main customers of the Cabinet Office were Department for Work and Pensions, Home Office, HM Revenue and Customs, The APM Group, Ministry of Justice, Government Procurement Service and Ministry of Defence.

The Cabinet Office is a venturer in MyCSP Limited, joint venture from whom it has received pensions administration services and other costs. The Cabinet Office incurred charges of £30.834 million relating to pensions administration which has been funded by a charge on Civil Superannuation employer pension contributions. See other administration costs Note 7, Income Note 9 and Interests in Joint Ventures Note 13.

The Cabinet Office is a sponsor of the Civil Service Commission, an executive non-departmental public body shown in Note 32. Balances and transactions between the department and its executive non-departmental public body have been eliminated on consolidation and are not disclosed in this note.

The Cabinet Office is the parent of the Government Procurement Service (GPS), an executive agency, with Trading Fund status shown in Note 32. GPS generated income to cover their costs through a small supplier commission operating at no cost to the taxpayer. The excess was paid to the Cabinet Office by way of dividends; see Note 9.

The Cabinet Office makes loans and has loan commitments to the Bridges Social Entrepreneurs Fund LP which is managed by Bridges Ventures Limited. The Fund invests in social enterprises that have the potential to generate scaleable and sustainable social impacts. The net income of the Fund is distributed half yearly. Bridges Social Entrepreneurs Fund LP is outside the departmental boundary and is therefore not treated as an investment in associates. See Notes 15 and 22.

The Cabinet Office has responsibility for setting and reimbursing the fees and expenses of Returning Officers conducting the polls at Parliamentary elections in England and Wales. No members of staff within the Cabinet Office and the Department for Communities and Local Government had undertaken any material transactions with Returning Officers.

The ministerial titles and names of all ministers who had responsibilities for the department during the year are included in the Corporate Governance section. No minister, board member, key manager or other related parties had undertaken any material transactions with the Cabinet Office during the year. The remuneration of ministers and board members and senior managers is set out in the Remuneration Report.

32. Entities within the departmental boundary

The departmental boundary in this context relates to the boundary of the Departmental Accounts. It includes the following bodies:

Executive Non-Departmental Public Bodies (eNDPBs)

Executive Non-Departmental Public Bodies are consolidated with the accounts of the core department. eNDPBs can be established in statute. They carry out administrative, regulatory and commercial functions; they employ their own staff, are allocated their own budgets, are self-accounting and produce their own accounts. The Cabinet Office has one executive non-department public body, the Civil Service Commission.

Civil Service Commission
Under the provisions of the Constitutional Reform and Governance Act, the Civil Service Commission was established as a body corporate (as an executive Non-departmental Public Body sponsored by the Cabinet Office) on 11 November 2010. Sir David Normington GCB was appointed as First Civil Service Commissioner and Commissioner for Public Appointments from 1 April 2011.

The Commission is responsible for upholding the principle that selection to appointments in the Civil Service must be on merit on the basis of fair and open competition. The Commissioners publish a recruitment code, monitor departmental practice and chair competitions for most senior posts. They also advise departments on the promotion of the Civil Service code, which sets out the constitutional framework within which all civil servants work and the values they are expected to uphold, will hear and determine appeals raised by civil servants under the Civil Service Code; and may carry out additional functions in relation to the civil service if agreed by the Minister for the Civil Service and the Commission. Further information can be found at the links:
Civil Service Commission - Annual Report & Accounts 2011-12
http://civilservicecommission.independent.gov.uk

Advisory Non-Departmental Public Bodies (ANDPBs)

The Cabinet Office sponsors a number of advisory non-departmental public bodies that have links to the Department but whose work does not contribute directly to the achievement of the Department's objectives and whose funding arrangements can be separate. These ANDPBs provide independent and expert advice to ministers on particular topics of interest. ANDPBs of the Cabinet Office include:

- Boundary Commission for England
- Boundary Commission for Wales
- Committee on Standards in Public Life
- Security Vetting Appeals Panel
- Senior Salaries Review Body
- Advisory Committee on Business Appointments
- House of Lords Appointments Commission

Other

The Office of the Commissioner for Public Appointments is not a Non Departmental Public Body however, its spending falls within the Cabinet Office budget and therefore it is listed in the Designation Order.

32.1 Entities outside the departmental boundary

Executive Agency – Government Procurement Service

Government Procurement Service is an executive agency and a Trading Fund (set up under the Government Trading Funds Act 1973) of the Cabinet Office. The overall priority is to provide procurement savings for the UK public sector as a whole and specifically to deliver centralised procurement for central government departments. The operation is funded by a supplier commission model which also supports continuous improvement in Government's procurement capability. The supplier commission is not charged to the customers. It is a charge levied to suppliers which averages 0.4% and is based on the value of sales going through the supplier's framework agreements with the GPS. GPS is the largest Professional Buying Organisation in the public sector and the only one with a legal remit to trade across the whole of UK public sector.

On 10 July 2012 as part of the drive to ensure Whitehall operates in a more business-like fashion, the Minister for the Cabinet Office, Francis Maude, announced that Bill Crothers would be appointed as the Government's Chief Procurement Officer (GCPO) with a broadened remit covering a range of commercial as well as procurement responsibilities. Subsequently Bill Crothers became Director General, Commercial and the government's Chief Procurement Officer.

The Permanent Secretary is the Accounting Officer of the Cabinet Office however, the day to day running of the GPS is delegated to the Managing Director.

HM Treasury appointed David Shields, Managing Director of Government Procurement Service (GPS) as the Accounting Officer of the agency in July 2011. David left GPS at the end of June 2013, Sally Collier, Government Deputy Chief Procurement Officer, assumed day to day operational responsibility as acting Managing Director and was appointed by HM Treasury as the Accounting Officer, with effect from 21 May 2013. The management of GPS risks is the responsibility of the Accounting Officer and the Cabinet Office's main input channel is through the GCPO.

The relationship between the Cabinet Office and GPS, much of which is conducted through Efficiency Reform Group, is laid out in an Agency framework document which will be subject to periodic review. Each year, the Chief Operating Officer of the ERG sets key performance targets for GPS that are signed off by the Minister for the Cabinet Office. Further information can be found at Note 14 and at the link: http://gps.cabinetoffice.gov.uk

Big Lottery Fund

The Big Lottery Fund is a corporate body created by and operating under the National Lottery Act 1993 as amended. It is an executive Non-departmental public body of the Department for Culture, Media and Sport. It has in addition certain functions conferred on it under the Dormant Bank and Building Society Accounts Act 2008.

The Secretary of State for Culture, Media and Sport has responsibility for the National Lottery including the system of distribution of Lottery funds and all pan-Lottery matters.

The Minister for the Cabinet Office has responsibility for those elements of the National Lottery Act transferred to him by virtue of The Transfer of Functions (Big Lottery Fund) Order 2011, for sponsorship of the Fund, and for issuing the Fund with policy directions related to Big Lottery Fund expenditure in England, the Isle of Man and UK wide expenditure. He also has responsibility for dormant accounts funds in England (on which he issues separate policy directions to the Fund) and for the Fund's non-Lottery distribution activities.

Other

Cabinet Office's role is to act as the principal point of liaison within government for the Parliamentary and Health Service Ombudsman and it is non-funded.

The Social Mobility and Child Poverty Commission is jointly sponsored by the Department for Education and the Department for Work and Pensions and is included in the Department for Education's Designation Order, and is therefore not included in the Cabinet Office Designation Order.

Cabinet Office Public Bodies

From autumn 2012, the Cabinet Office will produce a comprehensive annual Public Bodies directory providing details of NDPBs and similar public bodies. The directory can be found at the link:
https://www.gov.uk/public-bodies-2012

33. Events after the reporting period

The following events occurred between 31 March 2013 and 17 July 2013, the point at which these accounts were authorised for issue by the Accounting Officer.

Machinery of government transfer of function – Royal Mail Statutory Pension Scheme

With effect from 1 April 2012 and under the provisions of the Postal Services Act 2011, the Government assumed responsibility for both the Royal Mail Pension Plan (RMPP) deficit and the majority of the plan's liabilities. This was achieved through the establishment in BIS of a new unfunded pension scheme - the Royal Mail Statutory Pension Scheme (RMSPS).

Concerns about efficiency of the size of the RMSPS scheme management and the resilience of a small management team, led to a review of where the scheme would best sit within government. The review concluded that the future of the scheme and its membership would be best served by moving the scheme to the Cabinet Office to be run alongside the Principal Civil Service Pension Scheme (PCSPS).

Consequently, from 1 April 2013 the Cabinet Office assumed responsibility for the Scheme management and administration with a budget of £8.5 million in resource administration expenditure.

Machinery of government transfer – Youth Policy

On 3 July 2013 a machinery of government change was announced whereby, cross-cutting responsibilities for youth policy will transfer from the Department for Education to the Cabinet Office which will lead for the Government on: cross-government youth strategy and policy co-ordination; management of the statutory duty on Local Authorities for youth provision in their areas; and, strategic relationship management with young people and youth sector organisations on policy development.

Other transfer – Transactional Shared Services

On 1 April 2013, accountability for the provision of IT, employee and financial transactional services to other public sector bodies transferred from the Department for Work and Pensions resulting in an increase in resource administration income and expenditure of £47.310 million.

As a result of various investigations and recommendations relating to the sharing of back office functions across government, an initiative is underway to set up a second Independent Shared Service Centre

(ISSC2). The business case demonstrated that the best value for money delivery model for ISSC2 will be a Joint Venture partnership between Government and a Private Sector Partner.

Following the publication of the Next Generation Shared Services Strategy (NGSS) in December 2012, DWP Shared Services was identified as a founding member of the ISSC2 programme. As a first step towards this, the accountability for the current Department for Work and Pensions (DWP) Shared Service Centre (SSC) transferred on 1 April 2013 to the Cabinet Office.

In order to support this activity, the Permanent Secretaries have agreed that current arrangements for accommodating and servicing the SSC will remain for the time being, with DWP adopting a role as a supplier of services to the Cabinet Office and that staff will remain DWP employees. Formal frameworks have been put in place to assure the services exchanged between DWP and the SSC, and services in both directions will be subject to a commercial regime. The respective Accounting Officers have agreed that the Cabinet Office Accounting Officer will be accountable for the strategic direction of Shared Services and for the overall delivery of services to all clients; and that the DWP Accounting Officer will retain accountability for the staff of the SSC, as they remain employees of DWP; and the services provided by DWP in support of the SSC in line with the specific supplier arrangements contained within an agreed Memorandum of Understanding (MOU).

Proposed transfer – National Fraud Initiative

On 16 July 2013 it was announced that the Audit Commission’s National Fraud Initiative (NFI) will transfer to the Cabinet Office subject to the passage of the Local Audit Bill. The move to the Cabinet Office will allow the NFI to develop its existing work in line with Government activities to tackle fraud, error and debt. The programme will become part of the Fraud, Error and Debt Taskforce.

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